



Ref. No: HSCL / Stock-Ex/2017-18/067

Date: 23 September 2017

E-mail: blsharma@himadri.com

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| Ref : Listing Code: 500184 BSE Limited Department of Corporate Services P. J. Towers, 25 th Floor, Dalal Street, Mumbai- 400 001 | Ref: Listing Code: HSCL National Stock Exchange of India Ltd Exchange Plaza, C-1, Block-G BandraKurla Complex, Bandra (E) Mumbai- 400 051 |
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Sub: Annual Report for the Financial Year 2016-17

Dear Sir,

In terms of Regulation 34(1) of the SEBI (LODR) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for the financial year 2016-17 as adopted at the 29th Annual General Meeting held on 22 September 2017.

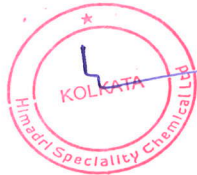
This is for your information and taking on record.

Thanking you,

Yours faithfully,

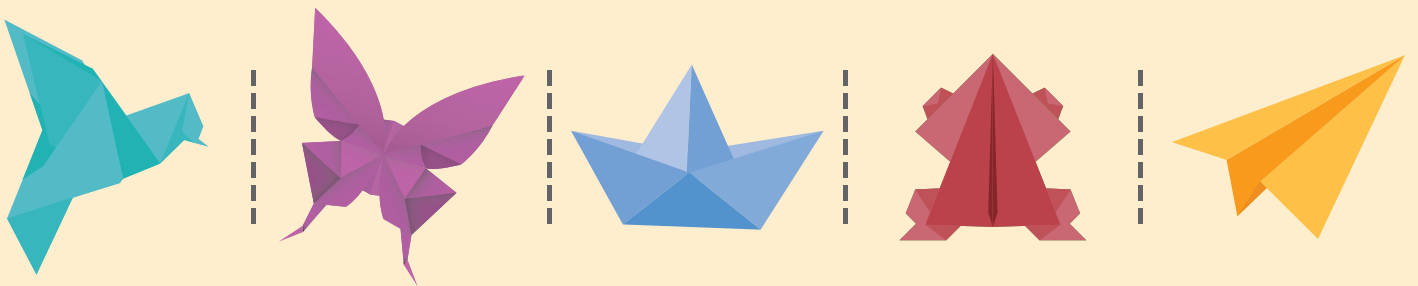
For Himadri Speciality Chemical Ltd


Company Secretary
FCS: 8148



Himadri Speciality Chemical Ltd

(Formerly known as Himadri Chemicals & Industries Limited) CIN: L27106WB1987PLC042756
Regd. Office: 23A, Netaji Subhas Road, 8th Floor, Kolkata – 700 001, India
Corp. Office: 8, India Exchange Place, 2nd Floor, Kolkata – 700 001, India
Tel: 91-33-2230-9953, 2230-4363, Fax: 91-33-2230-9051, Website: www.himadri.com



Ideate. Innovate. Integrate

Himadri Speciality Chemical Ltd
(Formerly known as Himadri Chemicals & Industries Limited)

Annual Report **2016-17**



WHAT DOES THE COVER SIGNIFY?

Origami is a Japanese art of folding paper into decorative shapes and figures. The creativity is visible in the way a piece of paper is transformed into different elements. The concept finds a parallel with the Company's business where all the products are derived from one material - carbon. The power of ideating, innovating and integrating drives the Company's business model and its positioning as an integrated speciality chemical player.

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Forward-looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Himadri Speciality Chemical Ltd (Himadri)
is an innovative leader in the Carbon Chemical space.

We have always brought forward a culture of continuous
exchange of promising business ideas to life.

We see our innovation engine driving differentiation
and creating long-term growth and opportunities.

We have created business value through vertical integration.

All centred around one product - CARBON.

Corporate that creates value at every stage

We are India's leading integrated Speciality Carbon Chemical Company. We enjoy a diversified presence across carbon value-added chain with an impressive array of high-demand specialized products.

We are India's largest coal tar pitch producer with a market share of 70% catering the requirements of the aluminium and graphite industries.

We are one of the few integrated global manufacturers to produce zero QI impregnating coal tar pitch.

We are amongst India's leading manufacturers of Carbon Black, catering tyre industry and several non-tyre applications including rubber, conveyor belts, plastic, wire & cable, coating and inks, among others.

We are India's first Company to develop anode material for lithium-ion batteries which find its applications in smartphones, consumer electrical, electrical vehicles and energy storage solutions.

We have eight zero-discharge strategically located manufacturing facilities spread across India (West Bengal, Andhra Pradesh, Chhattisgarh, Odisha and Gujarat) with a total installed capacity of 400,000 tons of coal tar distillation, 120,000 tons of carbon black, 68,000 tons of SNF (Sulphonated Naphthalene Formaldehyde) and 20 MW of power plant.



Mission

- ✦ Ensure customer satisfaction by strengthening our core competencies of developing products, processes and people, towards achieving global standards of excellence
- ✦ Be a cost leader, unleashing employee potential to satisfy stakeholders while being a responsible corporate citizen and adhering to our values
- ✦ Develop employees and encourage them to excel in their professional, personal and social lives
- ✦ Conserve the environment, maintain high levels of safety and address social concerns in the regions of operation

Vision

To become a globally acclaimed leader in carbon products by adopting appropriate eco-friendly technologies and enhancing core capabilities through continuous product improvement, technical innovations and customer satisfaction.

“ 400,000 TPA
COAL TAR DISTILLATION CAPACITY ”

“ 120,000 TPA
CARBON BLACK CAPACITIES ”

“ 20 MW
POWER PLANT - CO-GENERATION ”

“ 68,000 TPA
SNF CAPACITIES ”

“ 70%
MARKET SHARE IN COAL TAR PITCH ”

“ 17%
MARKET SHARE IN CARBON BLACK ”





₹ 32,929 MILLION

MARKET CAPITALISATION
AS ON 30 JUNE 2017

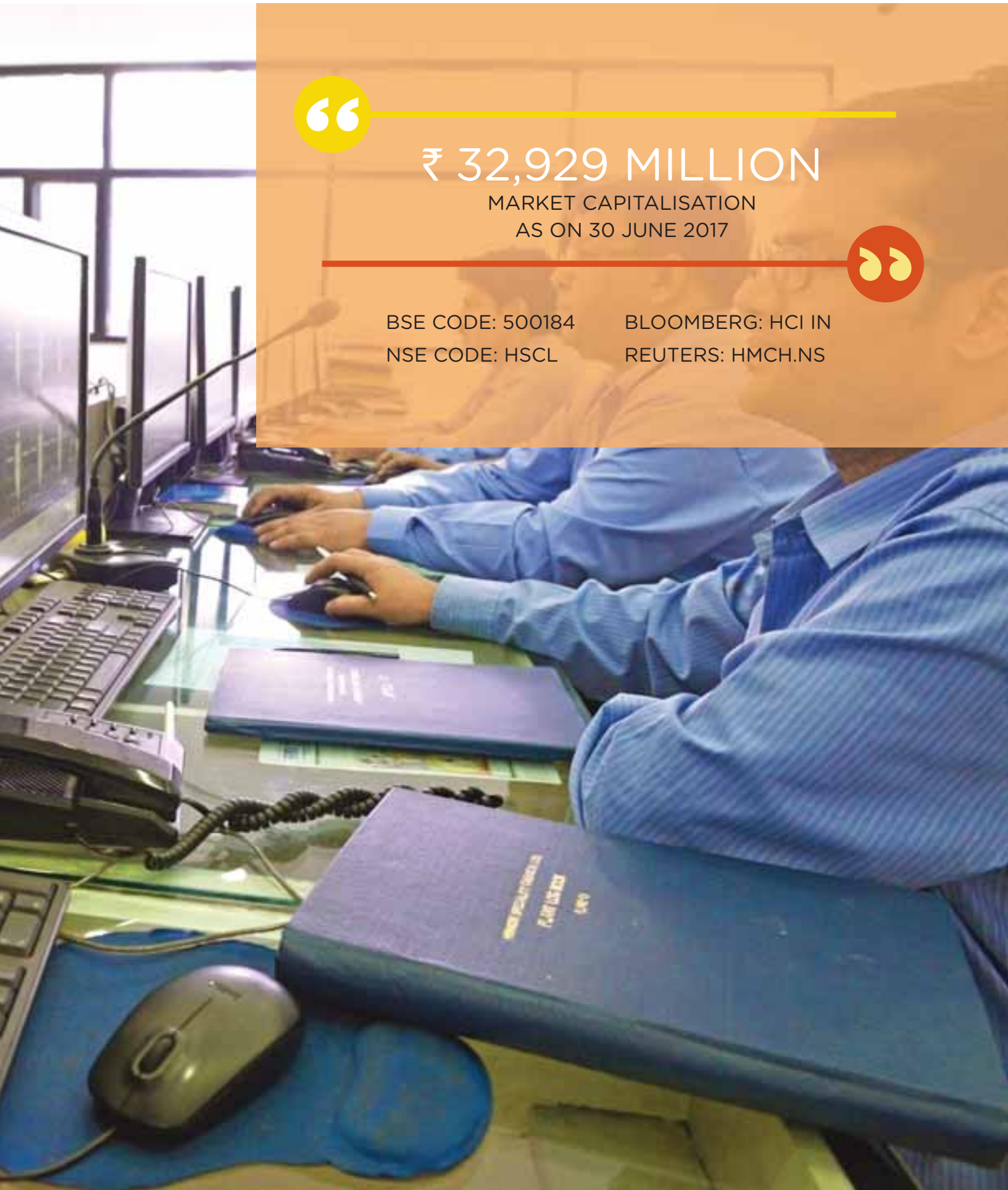


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OUR JOURNEY

2 EXPANSION

- 2000** - Himadri Ispat Limited merged with the Company.
- 2004** - Established new Coal Tar distillation plant at Mahistikry, Hooghly, West Bengal.
- 2005** - Expansion at Hooghly plant.
- 2006** - Commercialised a by-product refining plant at Mahistikry, Hooghly, West Bengal.
- 2007** - Established new pitch melting facility at Korba, Chhattisgarh.

4 SCALING UP

- 2012** - Completed brownfield expansion of the power plant (from 12 Megawatts to 20 Megawatts).
- 2014** - Completed a brownfield project to enhance the Company's coal tar distillation capacity in India by 60%.

BEGINNING 1

- 1990** - Commissioned Coal Tar distillation plant in Howrah, West Bengal.
- 1992** - Went public.
- 1993 - 1999** - Commissioned a new unit at Visakhapatnam, Andhra Pradesh. Expansion at both the Plants.

PRODUCT DIVERSIFICATION 3

- 2009** - Acquisition of SNF plant in Vapi, Gujarat. Started production at Carbon Black Plant and started power plant at Mahistikry, Hooghly, West Bengal.
- 2010** - Completed capacity addition at the coal tar distillation plant in Mahistikry, Hooghly, West Bengal.
- 2011** - Recognised as an R&D centre from the Government of India. Completed capacity addition for carbon black at Mahistikry, Hooghly, West Bengal. Commissioned production of SNF at Mahistikry, Hooghly, West Bengal. Established 100% export-oriented unit in Falta SEZ. Established a coal tar pitch plant in China.

TRANSFORMATION 5

- 2016** - Transformed identity to Himadri Speciality Chemical Ltd to reflect the true nature of business. Commenced pitch melting plant at Sambalpur, Odisha. Overhauled carbon black marketing. Installed continuous furnace for advance carbon material at Falta SEZ.



Himadri
is known for...

- ✂ A Company, leveraging opportunities, emanating from a single product – carbon
- ✂ The largest vertically-integrated speciality carbon conglomerate in India
- ✂ Always at the forefront of adapting top-of-the-line technologies
- ✂ A knowledge leader, driven by strong R&D



IDEATE

To find innovative and sustainable solutions, we dare to pursue bold ideas.



Advantage ideation!

- ✦ Created one of its kind speciality carbon chemical Company
- ✦ Leveraged a by-product from steel plants to serve critical applications across multiple industries
- ✦ Created value for our customers, suppliers and our Company

At Himadri, we link our areas of expertise with the game-changing ideas.

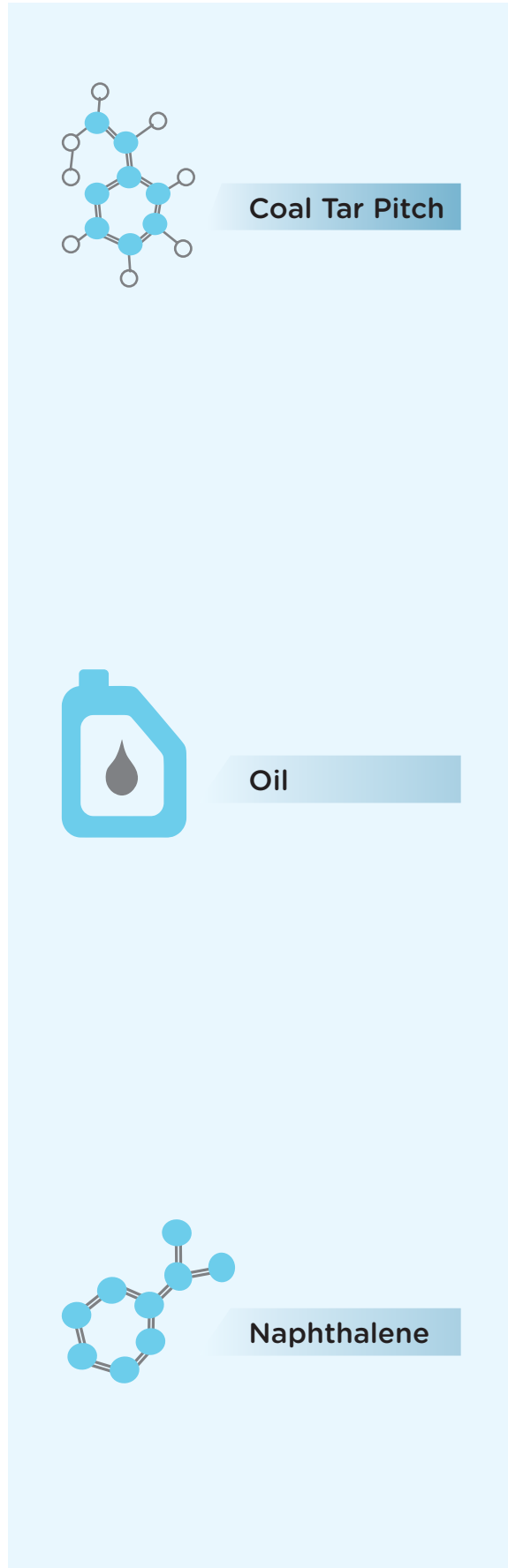
We started with the idea of deriving maximum value out of coal tar – a power house of over 150 downstream chemicals.

Coal tar is the by-product derived from coke oven batteries used in the steel industry. It is derived when you convert coking coal into

low ash metallurgical coke. The gas thereby derived, is converted into coal tar. This coal tar is distilled and developed into multiple value-added derivatives.

We ideated. We identified the underlying opportunity emanating from carbon.

Result: One Raw-Material. Multiple Products. Diverse Applications.



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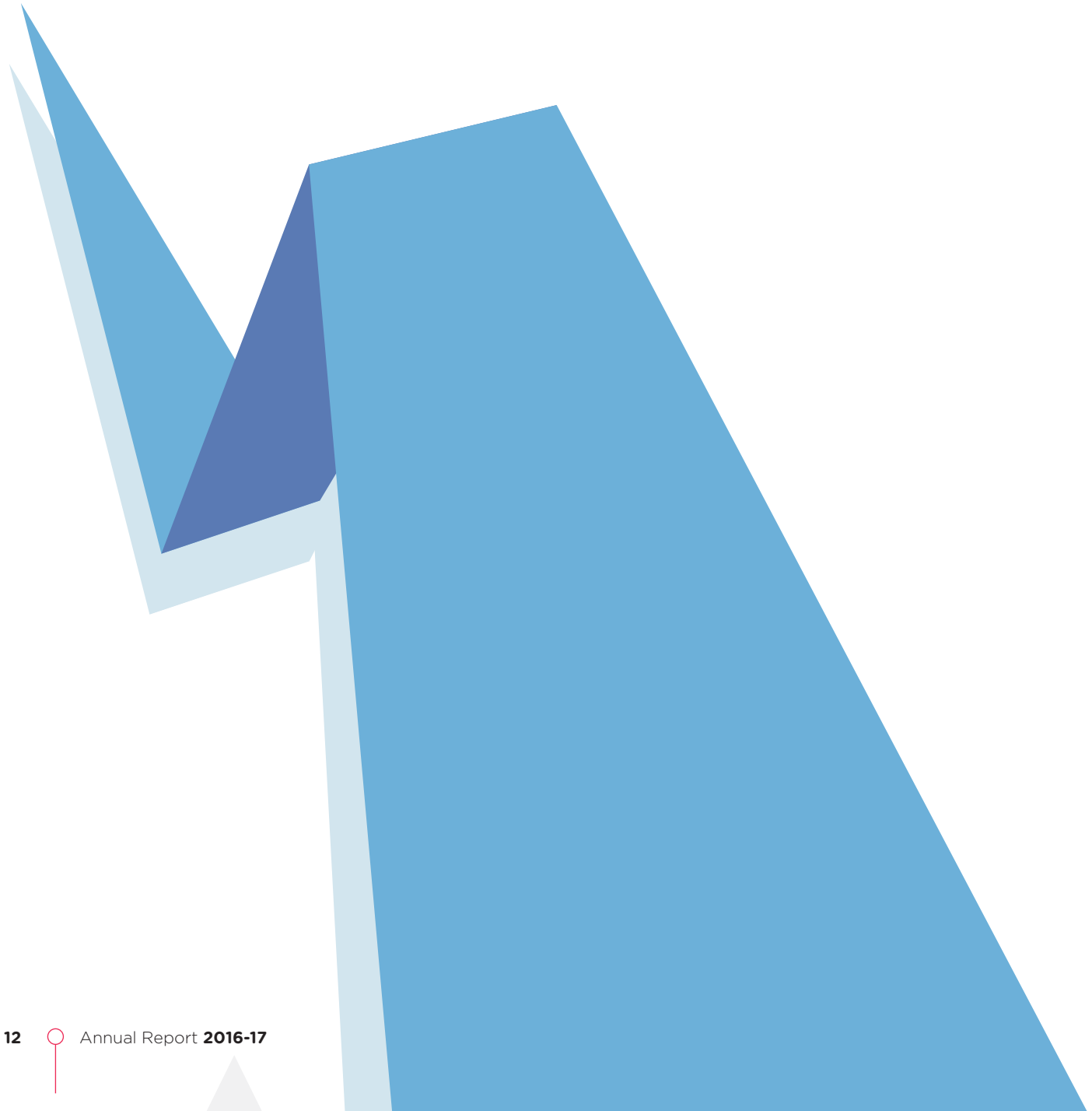


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| Aluminium Grade Pitch | In pre-baked anode and soderberg in Aluminium manufacturing | |
| Graphite Grade Binder Pitch | In Graphite electrode manufacturing | |
| Graphite Grade Zero QI Impregnating Pitch | In Graphite electrode, nipple impregnation and UHP grade electrode manufacturing | |
| Special Pitches | Used by DRDO in long range Warhead missiles | |
| Other Pitches | In refractories, carbon paste, paints/ultra-marine blue and proofing, among others | |
| Advanced Carbon Material | Lithium-ion Batteries | |
| Carbon Black | Tyre manufacturers, conveyor belt, rubber, plastic, fibre coating and inks | |
| Creosote Oils | Wood preservatives, paint, wash-oil for benzol recovery | |
| Power | Captive consumption Export to grid | |
| Refined Naphthalene | Dye and Dye Intermediate and Moth Balls | |
| SNF & PCE | Commercial and core infrastructure constructions, pipe manufacturers, dyes and pigments, agrochemicals, leather, rubber and high-performance concrete | |



INNOVATE

Innovations are important growth engines that maximise our potential.





Advantage innovation!

- ✦ Attain market leadership through continuous innovation
- ✦ Impact on all three aspects of product, process and technology
- ✦ Proprietary technology to develop cutting-edge products like advance carbon materials, speciality carbon black, zero QI pitch etc.

At Himadri, we have the freedom to innovate and maximise our potential. Innovations reinforce the Company's commitment to invest in specialty chemical products that bring performance advantages to the marketplace. We are focused on maximizing our innovation to deliver value-added products across segments. At the same time, we are also focusing on continuous process improvements for quality and cost leadership.

Innovation has always been our core competency. With continuous innovation and collaboration with our customers, we have developed next generation products which have helped us attaining market leadership in segments like Coal Tar Pitch, Naphthalene, SNF etc. Our innovation has also powered us to develop range of speciality carbon black and cutting-edge technology products like Advance Carbon Materials.

Our Research and Development (R&D) unit at Mahistikry is recognized by the Department of Science and Technology and Industrial Research - Government of India. Our centre is an accredited lab by the National Accreditation Board for Testing and Calibration Laboratories (NABL).

Behind every innovation, is a team of world-class researchers who are able to move transformative ideas into breakthrough solutions. Our experienced R&D team, with international experts, focuses on introducing new value-added speciality chemicals and continuous improvement of existing portfolio to maintain best-in-class quality standards. Our research activities have been published in research journals globally.

Result: Value-added products. Better contribution per metric tonne. Faster growth.

INNOVATION IMPACT!



Advanced Carbon Materials

- ✘ Developed technology to manufacture anode material for Lithium-ion Batteries, thereby entering the select club of very few companies globally to do so

Coal Tar Pitch

- ✘ Developed zero QI pitch – one of the very few global manufacturers
- ✘ Developed special pitches for DRDO that find applications in long range warhead missile
- ✘ Developed specialised binder pitch with better rheological properties (impacting the molecular structure of the pitch with better carbon-hydrogen ratios)
- ✘ Developed specialised pitch for UHP (Ultra High Power) electrodes for graphite industry
- ✘ Improved life of anodes through continuous process improvements

Carbon Black

- ✘ Launched a series of application-specific speciality blacks with superior performance parameters which finds application in fibres, semicon cables, engineering plastics, inks and several other specialised applications
- ✘ Developed cleaner carbon black for use in Moulded Rubber Goods (MRG), Weatherstrip Compounds
- ✘ Developed food grade carbon black
- ✘ Improved reactor designs for consistent quality and yields
- ✘ Developed statistical process control techniques for consistent quality and improvement in overall yield
- ✘ De-bottlenecked key equipment for improving capacity utilisation of the plants
- ✘ Installed microscope and AHD/PHD analysers for particle size observation. This resulted in further improving the CB performance



SNF (Sulphonated Naphthalene Formaldehyde)
& PCE (Poly Carboxylate Ether)

- Developed application-specific SNF for non-construction segment (agrochemicals, gypsum and latex)
- Developed next-generation products in PCE
- Developed high quality speciality formulations with high water retention, providing high strength to concrete

Oils

- Developed special creosote oils for wood applications
- Replaced petroleum-based solar oil for benzoyl recovery in coke oven battery
- Developed special CT oil without any impurities, resulting in cleaner and high value-added grades of carbon black with better yields

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52
STRENGTH OF THE
R&D TEAM

”



INTEGRATE

Integration enables us to transfer innovative chemistries and processes across multiple businesses and industries.



Advantage integration!

- ✘ Access to superior quality, consistent and customized raw material feed from in-house distillation units
- ✘ Access to in-house R&D strength to develop range of speciality carbon black products
- ✘ Capability to derive full range of product variants for diverse industry applications

At Himadri, our integrated business model is built to capture value on multiple fronts and deliver superior performance over a long term.

The feedstock coal tar is distilled into coal tar pitch. It further derives by-products that are processed through various stages to produce derivatives. These derivatives are sold as finished products at various points across industries. It also involves power generation for captive consumption.

The tail gas released during carbon black manufacturing process to generate power,

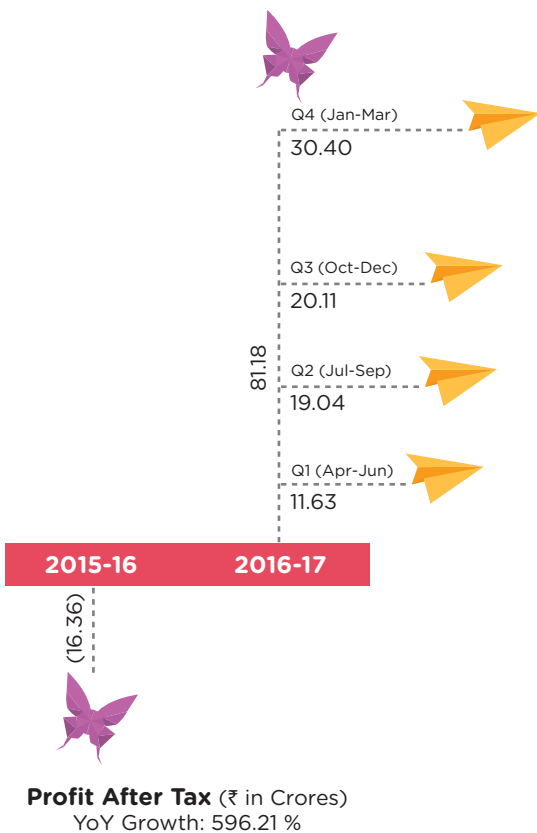
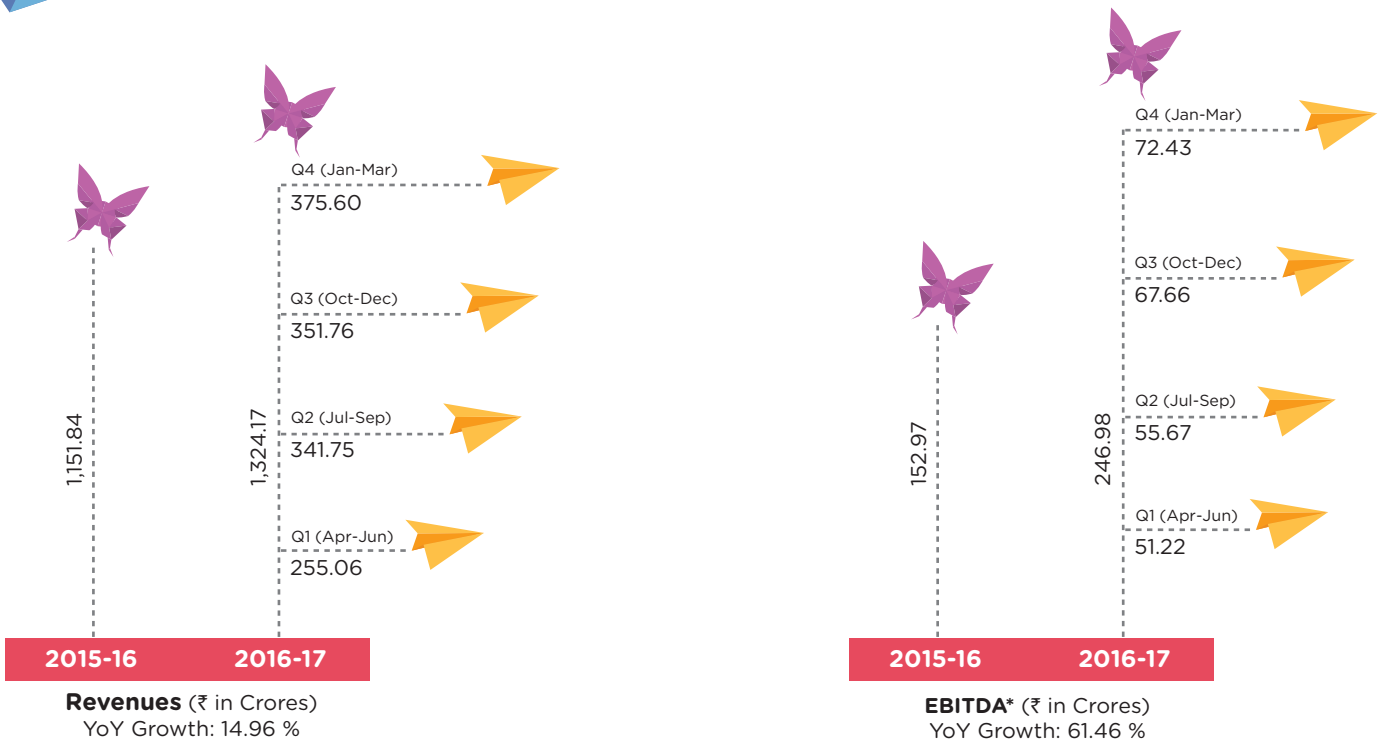
is further eligible for carbon credits. The output of one process becomes an input for another.

Thus, the output of one process becomes the key raw materials for the next product.

Result: Enhancement of speciality product portfolio. Superior quality raw materials and end products. Dependable supplier to the end market.

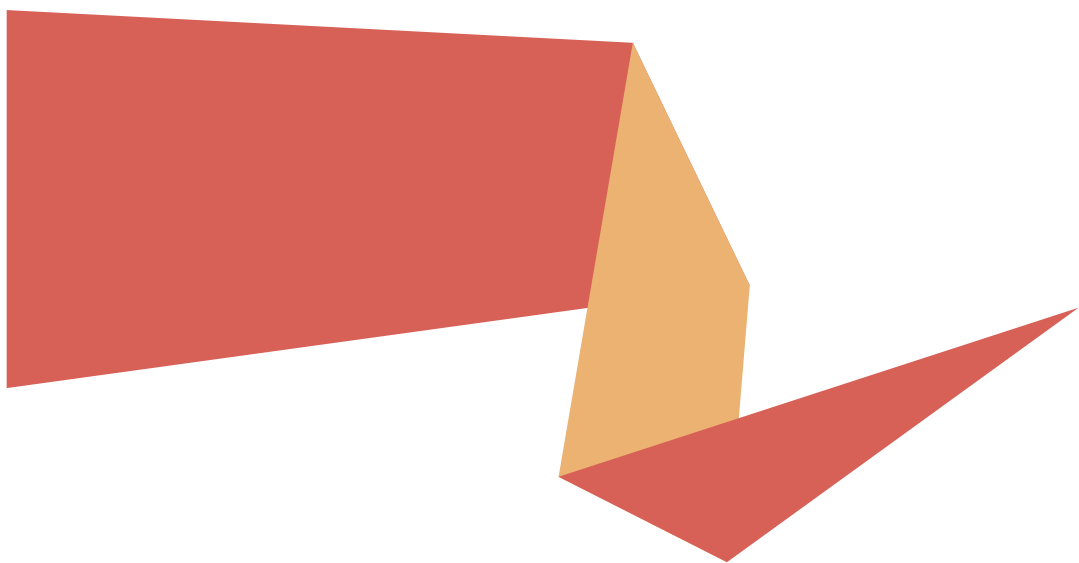
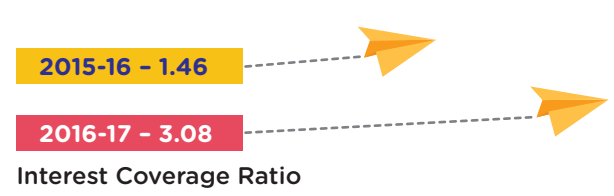
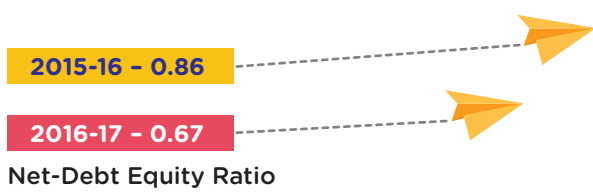
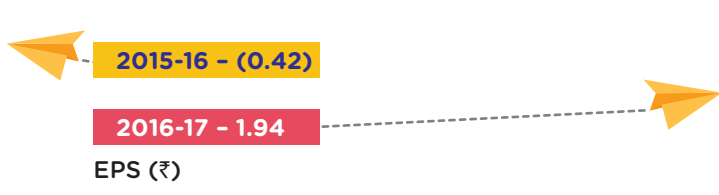
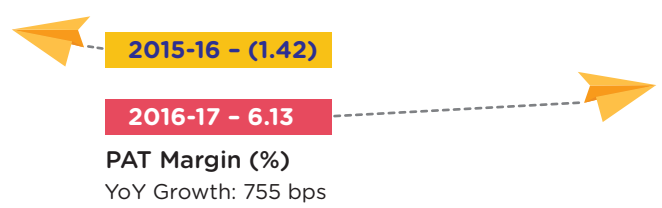
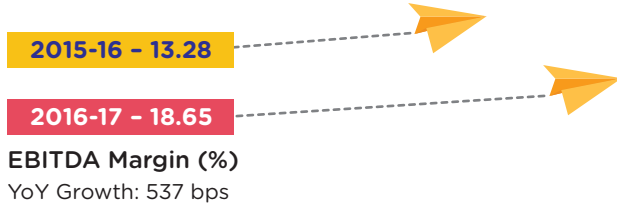
2016-17 PERFORMANCE

Financials



*Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) excludes foreign currency exchange fluctuation gain/loss and other income.

* Graph not to scale



Managing Director's Message

At Himadri, our mission reflects where we see our innovation engine creating growth and opportunity. We aim to set new standards in specialty chemicals with the use of leading technologies and development of innovative solutions. The positive economic prospects augurs well for the Company's growth model.

Bankey Lal Choudhary
Managing Director





Setting benchmarks in the specialty chemicals' space

Dear Shareholders,

On behalf of the Board of Directors, I would first like to express my sincerest gratitude to all our shareholders and the wider community for your interest and continued support. I would like to take this opportunity to present to you, my viewpoints on the macro-factors and our positioning in the speciality chemical space.

India has emerged as one of the fastest-growing economies in recent times. Bypassing the risk of slowdown post-demonetisation, the Indian economy is estimated to grow at 7.1% in fiscal 2016-17. The economy is expected to embark on higher growth trajectory going ahead. This will largely be driven by the proactive measures taken by the government, improvement in consumption, timely rains, higher public sector spending, exports, increased government spending in infrastructure and private investments, among others.

The central government has made efforts to strengthen the country's economy by promoting 'Minimum Government, Maximum Governance'. In this regard, they have also announced numerous initiatives aimed at stimulating growth and reducing red tape. The 'Make in India' initiative is one of the central government's most ambitious programme whereby they aim to create 100 million new jobs in India by 2022. Other schemes, launched by the government, are expected to trigger investment and employment opportunities for the manufacturing units set up under the 'Make in India' programme.

For nearly a decade, India has stood on the cusp of implementing a GST regime. It is only now, with a political consensus in place, that this ambition is finally seeing the light of the day. It is expected to simplify the process of business in India. There will be greater transparency within the system as all other indirect taxes levied by the Government, will be replaced by GST. Gearing up for the change in process and understanding the new legislation and being fully GST-compliant is the need of the hour. We are confident that the roll out of GST will further strengthen the economy.

At Himadri, our innovation engine creates growth and opportunity. We aim to set new standards in specialty chemicals with the use of leading technologies and development of innovative solutions. The positive economic prospects augurs well for the Company's growth model. We are foreseeing a sharp increase in demand from our key user segments. This will drive our volumes, leading to capacity utilisations. At the same time, we are also focusing to strengthen our share of value-added speciality products, which will further drive our margins.

When a company grows its business while caring for the environment and sharing with the society, it is actually making its own journey sustainable. In our social interactions, we focus in particular on challenges such as education, skills development and environmental sustainability. Our aim is to improve the living conditions of our employees, their families and the communities in which we operate, ultimately balancing profit, people and planet.

At the end, I would like to thank my fellow board members for their highly-valued guidance and support during another successful year. Our board appreciates the commitment of our top executives, our management teams and our employees in India and around the world. We appreciate their enthusiasm and enterprise. With the dedication and sustained support of all our stakeholders, we will continue to make considerable progress in deepening reform across all parts of our business.

Best Wishes,
Bankey Lal Choudhary
Managing Director

INTERACTION WITH THE CEO



Leading aluminium smelters are ramping up capacities and are expected to grow from 2.75 million tonne to 4 million tonne within a span of two years. This will drive the demand for coal tar pitch.

Mr. Anurag Choudhary, CEO
Himadri Speciality Chemical Ltd



From aluminium to electric cars with carbon materials

Q HOW HAS THE FISCAL 2016-17 BEEN?

A We are quite pleased with our performance. We have achieved a turnaround in our business and made profits after three years. We strengthened our operational efficiencies with focussed marketing approach, resulting in higher capacity utilizations. The resultant impact is visible in our numbers:

- ✘ Income from operations increased by 14% to ₹ 1,471 Crores
- ✘ Volumes grew by 19% to 3,56,902 tonne
- ✘ EBITDA increased by 61% to ₹ 247 Crores
- ✘ EBITDA per tonne strengthened by 35%
- ✘ Net profit reported at ₹ 81 Crores as compared to loss of ₹ 16 Crores in 2015-16
- ✘ Total finance cost (excluding the portion of the exchange fluctuation loss on working capital borrowing) reduced by ₹ 18.58 Crores owing to debt repayment

- ✘ Net debt equity stood at 0.67
- ✘ Reduced net working capital significantly in last 3 years from 55% of net sales in 2013-14 to 36% in 2016-17

Q ARE THESE PROFITS SUSTAINABLE? WHAT DRIVES YOUR OPTIMISM?

A Yes, these profits are quite sustainable. We foresee strong demand for our products from our end-user industries. Leading aluminium smelters are ramping up capacities and are expected to grow from 2.75 million tonne to 4 million tonne within a span of two years. This will drive the demand for coal tar pitch. The demand in the tyre industry will be driven by the growth of the automobile sector. Government's increasing impetus on infrastructure will drive the demand for SNF and PCE. Our value-added products are also showing a positive traction with increased enquiries. We would continue to focus on our



leadership position in core products and develop markets for the newer value-added products which will help us scale our profitability.

In the past, we were negatively impacted by currency fluctuation that drove away our bottom-line. However, going forward, we foresee substantially reduced impact of currency fluctuation due to our proactive hedging strategies.

Q CTP HAS BEEN ONE OF YOUR CORE PRODUCTS OVER THE YEARS. HOW HAVE YOU EVOLVED THIS BUSINESS OVER THE YEARS?

A We are the largest producers of CTP, catering to India's two-thirds of requirement of aluminium and graphite industry. We have developed multiple variants over the past few years to develop value-added products. During our initial days, the product was selected by the aluminium and graphite industry based on 2-3 chemical properties. Over the years, we have evolved in deriving newer grades in the CTP. Anode being a critical material for the smelters, we work together with the customers to understand their requirements. As such, today, we have 22-25 chemical and physical properties for diverse needs. We have developed a special pitch which is used by DRDO in production of long-range warhead missiles. Different grades of pitch also find application in industries like refractories, carbon paste, paints and ultramarine pigments among others.

Q IS THE CTP BUSINESS INSULATED FROM CHINESE IMPORTS?

A Our product quality gives us a definite edge over pitch produced in China. Moreover, the Chinese capacities are coming down owing to the environmental issues. It does not have any impact on our business because coal tar pitch cannot be imported. We cater the requirements of the domestic users in the form of liquid coal tar pitch. It is supplied at a temperature of 250-degree centigrade and with a special fleet of tankers. This acts as a barrier to import and restricts the new influence in the industry.

Q CAN COAL TAR PITCH BE TRADED?

A Coal Tar Pitch is a speciality chemical and not a commodity. It goes into anode and impacts the purity of the metal apart from the power consumption and the life of anodes.

Q HOW IS THE CARBON BLACK BUSINESS SHAPING UP?

A We entered the carbon black business as a forward integration to convert coal tar oil produced inhouse during distillation process into carbon black. Today, we are amongst the leading manufacturer of carbon black in India with a production capacity of 120,000 metric tonne per annum.

We are focusing on improving our contribution per metric tonne through our new value-added range of specialty carbon black. It caters to niche applications in tyre and non-tyre industry like moulded rubber goods, plastic master batch, fiber, wire and cable pipes, engineering, plastics, films, inks and coatings, among others. Today, we are the leaders in supply to Moulded Rubber Goods industry in India which has a specific requirement for cleaner blacks. We are taking this to global customers in a big way.

During the year, we introduced four grades of specialty carbon black in the market and are consolidating our position in that. Once it is fully commercialized, we will strengthen this business and drive larger volumes.

Q WHAT ABOUT SNF & PCE?

A SNF and PCE are the next generation products for construction industry. We are the largest manufacturer in India with installed capacity of 68,000 metric tonne per annum. This business segment has high-growth potential, as the penetration of SNF admixture in concrete in India is less than 10% against very high global average. Our in-house naphthalene production gives us a quality and cost edge. With the increasing construction activities in the country, we are best placed to get advantage of growing demand.

Q HOW HAS THE COMPANY PROGRESSED WITH THE COMMERCIALISATION OF ADVANCE CARBON MATERIAL?

A We have achieved big breakthroughs in product quality and the material is very well appreciated by the customers. Advance Carbon Material is very well appreciated by the customers. It is in the advanced stage of commercial trial with various users of our material. Once we get those approvals, then there will be ramping up in a big way.

Q SO HOW ARE YOU UNIQUELY POSITIONED IN THIS SEGMENT?

A As you are aware, we are the pioneers in India and amongst the few companies globally to produce advance carbon material. The product is made from coal tar. Being fully integrated in the value chain, the value of by-product realisation is better for us compared to peers. This gives us pricing edge compared to the peers in Japan, who develop similar product. The consumption of in-house raw materials combined with home-grown technology ensures us superior quality. Thus allowing us to fetch a premium from the market. Moreover, we have in-house generated power at low costs available to us. Power is another large cost in production of advance carbon material.

Q THERE HAVE BEEN SEVERAL INNOVATIONS ON THE PRODUCT AND PROCESS FRONT. ANY TECHNOLOGICAL INNOVATION?

A Technology plays a crucial role in our field. Aluminium industry has been constantly scaling itself with the latest technologies. The high amperage aluminium requires higher current. Hence, the anode strength also needs to be on the higher side. This necessitates the pitch that binds to be very sustainable and meets the evolving demands of the industry. This is achieved through technological innovations.

Q WHERE DO YOU SEE THE COMPANY GOING FROM HERE?

A Himadri is currently in a transformative stage where we are aggressively developing our new core. In past few years, coal tar pitch and carbon black businesses have served as core products for Himadri. We are clearly focussed on maintaining consistent leadership in our core products through continuous innovation and value-add to our customers. Our labour for last 10 years in advanced carbon material has brought us to a stage today where we are ready to serve this rapidly growing market. Advance carbon material will serve as new core business for Himadri and propel us to next stage of growth in our journey.

Our strong research and development team with international expertise will help us to maintain leadership across existing and new products.

We are also committed to further reduce our debts thereby reducing our finance cost.

ADVANCED CARBON MATERIAL IS USED IN LITHIUM-ION BATTERY AS ANODE MATERIAL, WHICH IS USED IN THE SUNRISE SECTORS LIKE SMARTPHONES, ELECTRIC VEHICLES AND ENERGY STORAGE AMONG OTHERS. THE GLOBAL AUTOMOBILE AND ENERGY STORAGE INDUSTRIES ARE WITNESSING A DISRUPTIVE CHANGE OF UNPRECEDENTED PROPORTIONS POWERED BY LITHIUM-ION BATTERIES. THE FUTURE OF TRANSPORTATION AND ENERGY 10 YEARS FROM NOW WILL BE VERY DIFFERENT FROM WHAT WE SEE TODAY. GOVERNMENTS AND CORPORATIONS ACROSS COUNTRIES ARE COMMITTING TO SUBSTANTIALLY ENHANCE PENETRATION OF ELECTRIC CARS AND RENEWABLE ENERGY STORAGE. LITHIUM-ION BATTERY DEMAND IS GROWING AT A VERY FAST PACE AND WE ARE WELL POSITIONED TO CAPITALISE ON THIS DEMAND SURGE.

WHEN THE FUTURE IS HERE, WE WILL BE THERE ALREADY.



TUSHAR CHOUDHARY
President Operations

ANURAG CHOUDHARY
CEO

AMIT CHOUDHARY
President Projects

THE DRIVING FORCE

Management

Discussion and Analysis



1. COMPANY OVERVIEW

Himadri Speciality Chemical Ltd has developed a unique blueprint for itself. It has ideated innovative products and processes that add value at every step of its manufacturing. The integrated set up of the Company along with strong research and development capabilities, further binds all of it seamlessly together. As a result, the Company has developed a unique business model for itself and has emerged amongst the leaders in the speciality chemicals segment.

Coal tar is the key raw material that the Company uses to derive various other speciality chemicals. It is distilled to produce coal tar pitch, naphthalene, creosote oils and other speciality oils of various grades. Naphthalene is further processed to produce Sulphonated Naphthalene Formaldehyde (SNF). Creosote oils and other Speciality oils are sold to customers for specialised applications as well as further processed into carbon black feedstock to manufacture carbon black. Clean and green power is generated as a co-product for captive consumption and the surplus power is exported to State Grid. The Company also develops advance carbon material from coal tar to manufacture anode material for lithium-ion batteries.

All the products find its applications across the key sectors of the economy. This includes aluminium, steel, automobiles, construction, infrastructure and renewable energy. Advance carbon material places the Company exceptionally well in the sunrise sectors to cater to the growing demand from the consumer electronics (smartphones), electric vehicles and energy storage solutions.



2. ECONOMIC OVERVIEW

Global Economy

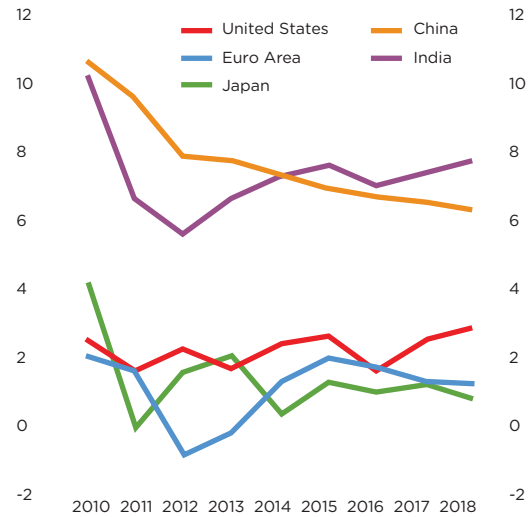
The global economy witnessed a decade-long slow growth environment. It was also characterized by an imminent productivity crisis. During the last fiscal, the economy is estimated to have grown by 2.3%. Major international events like Brexit and US Presidential Elections, made the year worth remembering. This can be accredited to the



unexpected nature of few crucial results as well as potentially profound shift in international relations in coming years.

Amidst this heightened uncertainty, a moderate recovery in emerging market and developing economies (EMDEs) can be expected to pick up in 2017. The new U.S. administration can be expected to diverge sharply from the policy path trod by its predecessor. These changes and developments are likely to have substantial global implications. Europe and Japan are expected to display stronger internal growth dynamics.

% Growth in the largest economies %



(Source: OECD March 2017 Interim Economic Outlook)

Indian Economy

The Indian Economy is pegged to have grown at 6.8% in 2016-17 down from 7.6% recorded in the last fiscal (Source: World Bank). The fiscal's first half was strengthened by robust public and private consumption, improving exports and industrial investments. This was further coupled with favourable monsoons, boosting the agriculture segment. The Indian economy also sustained a macro-economic environment of relatively lower inflation, fiscal discipline and moderate current account deficit. All of the above was seen along with a broadly stable 'Rupee-Dollar' exchange rate. The second half of the fiscal saw the Government's bold move of 'demonetisation' for controlling corruption and tax evasion. This resulted in a temporary slowdown on the economy. But again, it also laid a stronger foundation for a stronger momentum in the coming fiscal. The long-term effects of demonetisation are expected to be positive with an increased liquidity in the banking system and decreased lending rates. The implementation of G.S.T in July 2017, and various other reforms, will eventually help the nation. It is expected to help foster better productivity and improved business climate.

3. PRODUCTS OVERVIEW

I. Coal Tar Pitch

400,000 tpa
Coal Tar Distillation
Capacity



85% of CTP
Consumption by
Aluminium Industry



15% of CTP
Consumption by
Graphite Industry



ONE AMONGST THE FEW

HIMADRI PRODUCES
ZERO QI
(QUINOLENE
INSOLUBLE) - COAL
TAR IMPREGNATED
PITCH AND
ADVANCED CARBON
MATERIAL - MAKING
IT ONE AMONGST
THE FEW, GLOBALLY

Coal Tar Pitch (CTP) has been traditionally used in the aluminium and graphite industry as a binding agent for anode and electrode manufacture. An essential for the aluminium industry, Coal Tar Pitch is used to make carbon electrodes that help produce aluminium. It is a specially-produced pitch derived from controlled distillation of coal tar.

CTP is the Company's principal product. It acts as a critical input for the Company's downstream clients of aluminium and graphite electrode manufacturers. The product's excellent quality ensures metal purity, efficient power consumption and longer life of anodes.

Moreover, the product is demand-inelastic. The aluminium smelters cannot reduce production/shutdown during a downturn owing to significantly high cost of starting afresh. This gives the Company an edge for round-the-year stable business.

Aluminium Industry Review

Indian

The Indian aluminium sector is characterised by large integrated players like Hindalco, Vedanta, National Aluminium Company (Nalco) and Bharat Aluminium (Balco).

India's present per capita primary aluminium consumption is less than 5 kg as against the global average of 12-15 kgs. The consumption is expected to witness a 7.7% CAGR till 2021, largely driven by electrical & electronics sector followed by the automotive & transportation, railways, aerospace, building & construction, packaging, consumer durables, defence and several other industrial applications.

There have been steady expansions in the smelting capacities of the key players. As such, India's aluminium production is expected to increase from 2.75 MTPA to 4 MTPA by end of 2019. The continuous smelting requirement of the aluminium industry ensures a steady demand for the Company's coal tar pitch.



II. Carbon Black

120,000 TPA

CARBON BLACK INSTALLED CAPACITY

3rd LARGEST

CARBON BLACK PRODUCER IN INDIA

The Company is amongst India’s largest manufacturers of Carbon Black (CB). It is a forward integrated business and finds its applications as a reinforcing agent for rubber products in the tyre and non-tyre industry. It also acts as a speciality ingredient for products like Plastic Master batch, Fibre, Wire & Cable, Pipes, Engineering Plastics, Films, Inks and Coatings, among others. The division enjoys access to superior, consistent and customized raw material feed from its in-house distillation unit.

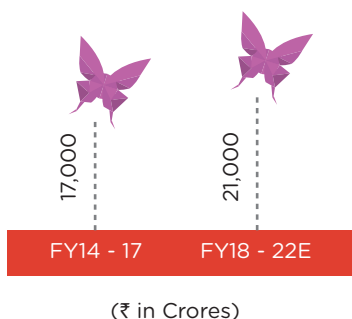
Indian Tyre Industry

Indian tyre market is of the size of ₹ 550 billions and has grown at a CAGR of 6% over the past five years. The volume growth across this period has also been in sync with the revenue growth. The demonetisation drive in November 2016 affected imported Chinese tyres. These were being fed to the replacement segment through cash-driven unorganized channels. Moreover, with the United States International Trade Commission’s decision (USITC) of ruling out the Anti-Dumping Duty on the Chinese tyres, China’s tyre exports to the USA are also expected to revive. This in turn will bring down imports to India - benefitting the Indian manufacturers.

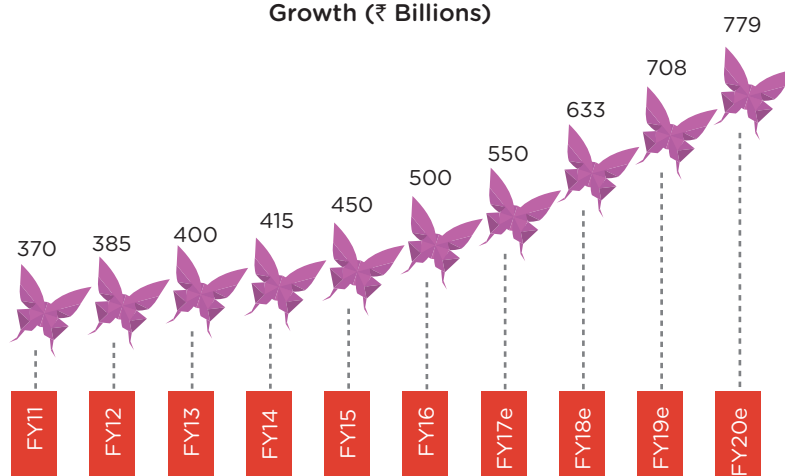
The outlook for the domestic tyre industry, over the near to medium term is stable. It is supported by favourable tyre demand, both in domestic and exports. It is also likely to show improvement in realisation. The industry is expected to witness 12-13% CAGR during FY 2017-20

(Source: ICRA Research).

Indian Tyre Markets - Commissioned Projects

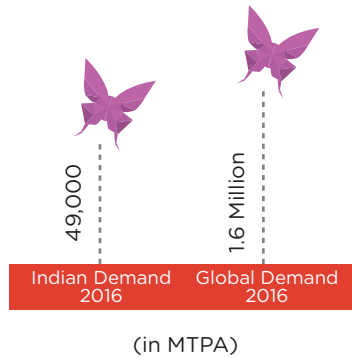


Indian Tyre Industry Growth (₹ Billions)



(Source: Company Presentation)

Speciality Carbon Black Market – Global and Indian Demand



(Source: Company Presentation)

Key Highlights 2016-17

- Launched 5 grades of speciality carbon black
- Introduced special food grade carbon black
- Initiated several process improvements like reactor design modifications and debottlenecking of key equipment for consistency in quality and efficient capacity utilisations
- Installed microscope, AHD/PHD analysers and developed statistical process control techniques for better quality, reduced wastage and improvement in overall yield

III. Naphthalene

Naphthalene is derived from coal tar distillation and is produced in liquid and amorphous forms. More than 90% of the world's naphthalene is produced using coal tar. It is widely used to produce phthalic anhydride and naphthalene sulphates. It has several industrial uses, mainly as a chemical intermediate, naphthalene balls dyes & dye intermediate and super plasticizer, among others. During the year, the Company developed superior refined quality moth balls for pharmaceuticals applications.

The demand for naphthalene in India is increasing at a rapid pace because of growing textile exports, increasing use of naphthalene in construction industry and rising production of sulfonated naphthalene formaldehyde, added to construction chemicals. As such, India's naphthalene market is expected to witness 18% CAGR during 2014-19 (Source: *India Naphthalene Market Forecast & Opportunities, 2019*). However, there is a cause of serious concern owing to heavy dumping of naphthalene and refined naphthalene from other producing countries. The Company is anticipating the Government to take measures to protect the domestic industry from rampant dumping of the product in the country.



Naphthalene Value Proposition

Refined Naphthalene

Special Grade Naphthalene is formulated to cater customer's specific requirements in dyestuff and dyes intermediates application.

Naphthalene Moth Ball

Moth Balls are made by using superior grade chemical composition and leading-edge techniques. These are made in compliance with pre-defined quality standards for uses in natural fragrances.





IV. Sulphonated Naphthalene Formaldehyde (SNF) and Poly Carboxylate Ether (PCE)

SNF is a next-generation product for the Construction Chemical Industry (Admixture), Agro chemicals, Latex and Gypsum. It improves the concrete mix workability and its compressive flexural strength. The Company is India's largest Indian manufacturer of SNF with an installed capacity of 68,000 MTPA. Penetration of SNF admixture in concrete in India is less than 10% against a high global average. This gives an enormous potential to the Company to make in-roads.

SNF is suffering from very high dumping of this material from other producing countries and need Government intervention for protection of domestic industry. PCE is yet another next-generation, cost-effective product used in high-strength, high-performance concrete. The condensate helps strengthen concrete mixes in the infrastructure constructions. The Company manufactures five variants of PCE-based admixtures under the brand Himflowcrete. With India's growing infrastructure impetus, PCE-based admixture will find its necessary demand.

The Company has developed high quality speciality PCE formulations with high water retention, for stronger concrete.

V. Advanced Carbon Material

The Company has forward integrated into manufacturing Advanced Carbon Material from in-house produced Coal Tar. The Advance Carbon Material is used as anode materials in lithium-ion batteries, thus making Himadri, the first Indian Company to develop this material. Lithium batteries are becoming the most competitive batteries in the field of power applications. It is used in mobile phones, tablets and digital cameras, offering simplifications and cost reductions over multi-cell designs. Lithium-ion batteries are witnessing a huge growth in demand in electric vehicles and energy storage solutions.

According to a research report by Transparency market research, the growth of Lithium Ion Battery market is rising due to increasing demand for lightweight electric cars. The report further estimates that the global market for Lithium Ion Battery is expected to touch \$ 77.42 billion by 2024.





Lithium-ion batteries - applications

Transportation (growing market)



Cars
(Tesla)



Buses



Bikes



Wheel
chair



Golf
Carts



Forklift

Energy Storage (growing market)



Stationery
Energy
Storage



Portable
Energy
Storage



Portable
Solar Energy
Storage



Rooftop
Solar



Telecom
Towers



UPS

Electronics & Devices (expanding market)



Tablets



Wearables



Smartphones



Payment



Personal
Care



Toys



Cordless
Phones



Power
Tools



Global Laptop, Tablet, Mobile Phones' Lithium Battery Shipment 2012-2016E

| Million Units | 2012 | 2013 | 2014 | 2015 | 2016E |
|---------------|------|------|------|------|-------|
| Laptop | 202 | 204 | 211 | 223 | 232 |
| Tablet | 128 | 191 | 236 | 281 | 319 |
| Mobile Phones | 1746 | 1876 | 1950 | 2019 | 2082 |

Global Electric Vehicles Sales Volume, 2012-2016E

| Million Units | 2012 | 2013 | 2014 | 2015 | 2016E |
|-------------------|------|------|------|-------|-------|
| PHEV ¹ | 840 | 1344 | 2225 | 3834 | 6400 |
| EV ² | 2496 | 4522 | 9306 | 17043 | 29000 |

1- Plug-in Hybrid Electric Vehicle

2- Electric Vehicle

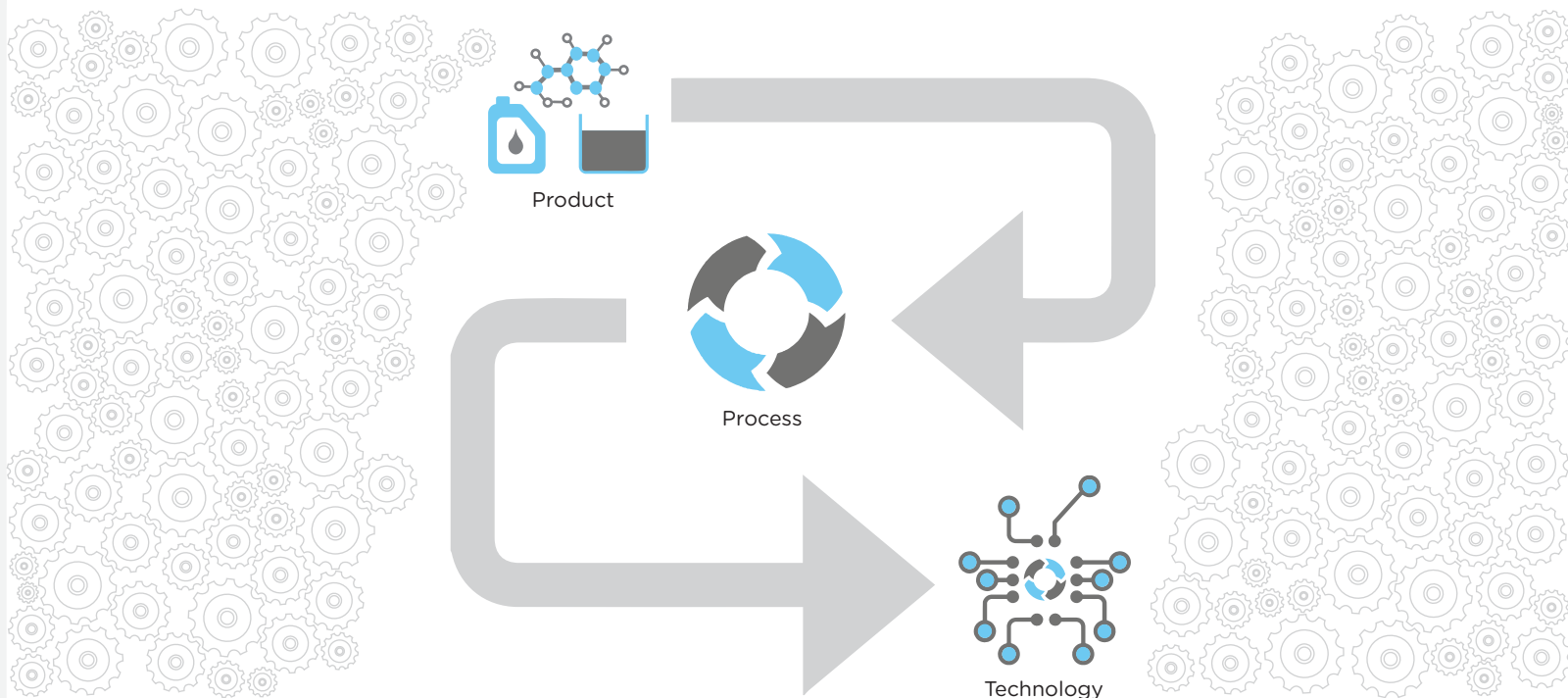
(Source: Global and China Lithium Battery Anode Materials Industry Report 2014-2017)

4. RESEARCH AND DEVELOPMENT

The Company's Research and Development department, at Mahistikry unit (Hooghly), has been recognized by the Government of India. Its state-of-the-art technical capabilities have rightly been credited for. The Company is appreciated for its perpetual excellence over time. This can be accredited to its continued investments in research and development. These results are well manifested and reflected in the Company's strong product innovation

pipeline. It is also evident in the development of high-value products developed through proprietary processes - giving the Company a competitive edge in terms of its offerings. The Company focusses its R&D efforts in all three areas - Products, Processes and Technology.

Products: The in-house R&D team enabled Himadri to forward integrate and regularly launch new specialised products as well as improve the quality of the existing products significantly.



Process:

- ✘ With process interventions, the Company has improved product yield leading to higher output
- ✘ Continuous improvement and higher consistency in product quality
- ✘ Lower energy consumption leading to fuel savings

Technology: Himadri has developed in-house technologies around its specialised products giving it an edge in domestic and international markets. Products like coal tar pitch of different grades, advance carbon material and speciality carbon black are results of in-house technology.

5. QUALITY

The Company has laid stress on quality right from its inception. Complete in-house manufacturing ensures strict quality control. Special care regarding deployment of the right processes makes the products environment-friendly. Regular quality control audits and documentation of lab practices in the Quality Manual ensure that the products score high on the quality parameter.

The Company ensures highest product quality and carries out lots of proprietary tests (beyond customer specifications) to ensure consistent high quality delivery. Tests like MRI, CT Scan, C/H Ratio, wettability among many others of pitch are carried out before delivery to ensure consistency in the rheological and operational properties of the product.

Due to in-house, quality controlled feedstock for carbon black supplies and strong process controls, minimum deviation around the specifications means are ensured for carbon black.

6. FINANCIAL REVIEW

Consolidated Highlights

The consolidated gross revenue from operations stood at ₹ 149,009 lakhs during 2016-17 as compared to ₹ 132,238 lakhs in 2015-16. EBITDA stood at ₹ 26,131 lakhs during 2016-17 as compared to ₹ 15,824 lakhs in 2015-16. Profit after tax stood at ₹ 8,244 lakhs during 2016-17 as compared to a loss of ₹ 1,896 lakhs in 2015-16.





Standalone Highlights

Standalone gross revenue from operations stood at ₹ 147,125 lakhs in 2016-17. Net revenue from operations stood at ₹ 132,417 lakhs during 2016-17 as compared to ₹ 115,184 lakhs. Sales volumes increased by 19.31% y-o-y. EBITDA stood at ₹ 24,698 lakhs as compared to ₹ 15,297 lakhs in 2015-16. Profit after tax stood at ₹ 8,117 lakhs as compared to a loss ₹ 1,636 lakhs in 2015-16.

Shareholders funds

The authorized share capital of the Company stood at ₹ 7,000 lakhs in the form of equity shares of ₹ 1 each which remained unchanged during the year. The paid up share capital stood at ₹ 4,184 lakhs as of 31 March 2017. The Company's reserve and surplus stood at ₹ 103,626 lakhs whereas the net worth was ₹ 107,810 lakhs.

Dividend

With the Board's decision of being consistent in terms of payment of dividend, the Board has recommended 10% (₹ 0.10 per share) dividend for the year 2016-17 to reward its shareholders. The dividend is paid out of its accumulated profits, subject to approval of members at the ensuing Annual General Meeting.

Finance

The Company continued to enjoy working capital facilities from various banks including State Bank of India, Central Bank of India, ICICI Bank, The Hong Kong and Shanghai Banking Corporation, DBS Bank, Union Bank of India Axis Bank, Citi Bank, IndusInd Bank, Yes Bank and IDBI bank. The Company has serviced these debts proactively.



Amount in ₹ lakhs except where mentioned

| Particulars | 2016-17 | 2015-16 |
|-------------------|---------|---------|
| Sales | 132,417 | 115,184 |
| EBITDA | 24,698 | 15,297 |
| PAT | 8,117 | (1,636) |
| Dividend Declared | 10% | 5% |

7. HUMAN RESOURCES

Acquisition and retention of right talent plays a key role in the maintenance of desired operational standards. Employees are one of the biggest assets for any company. Various training & development programmes are organized to hone the skills of Company employees. Lot of active efforts are rightfully put in talent management, strong performance management, learning and training initiatives. This helps ensure the Company's consistent development through strong, inspiring and credible leadership at various levels of the organization.

Special care has been taken for employees to share their views and opinions with the management. Formal channels help employees put forward their views and concerns.

During the last fiscal, a cordial relationship was maintained with all the employees. The Directors would like to acknowledge and appreciate the contribution of all employees. The management is committed to develop human resources so as to ensure sustainability and long term growth. The permanent workforce of the Company stood at 722 as on 31 March 2017.

8. ENVIRONMENT

Globally, the need to create sustainable livelihoods is gaining currency and countries are pledging allegiance to stringent norms to preserve the environment.

Himadri has created a sustainable business by complying to established regulations to ensure all its activities are socially and environmentally responsible. The Company has also made significant investments towards undertaking eco-friendly measures and this has helped in making its plants 'Zero discharge plant'. Employees and other stakeholders are encouraged to conserve natural resources like water, fuel, energy and build environment-friendly workplace.

Himadri engaged leading global environmental specialists to conduct third-party audit of

its environment safety measures and their impact on the environment. These auditors comprehensively review all key parameters at its facilities including surface water, soil and groundwater toxicity levels. Himadri has reaffirmed its credentials as 'zero discharge'.

As a responsible business organisation, the safety and well-being of employees and communities occupies the foremost spot on the Company's priority list.

Himadri's efforts towards workplace safety have been recognised with the prestigious 'Fire Safety' award for corporates in the Eastern zone over the past few years.

9. HEALTH AND SAFETY MEASURES

Himadri has always considered health and safety of its employees as an essential and integral part of each and every activity. Accidents and risks to health are prevented through continual improvement in the working environment and safety measures. All employees are covered by health insurance policies.

The Company is committed towards protecting the environment, ensuring a safe workplace and conserving natural resources. Himadri has established a safety, health and environment committee to ensure security within and in the vicinity of its facilities.

10. RISK MANAGEMENT

The Company has a proper mechanism in place for identifying, assessing, monitoring and mitigating various business-related risks. These risks are then identified by the business and functions and are systematically addressed through mitigating actions regularly.

Board Members are regularly and aptly informed about risk assessments and minimization processes, as a part of the Company's regular procedure. These procedures are periodically reviewed and analysed, ensuring right risk control by the executive management. This is done with the help of a properly defined framework that



also takes corrective measures to manage and mitigate the same risks.

The Company has identified various aspects of business risk, which include the following:

1. **Industry Risk:** Any downturn in the user industry may impact the core business of the Company.

Mitigation measures: The aluminium industry uses CTP as anode material for conversion of the alumina into metal. CTP enjoys the inelasticity of demand as it is used in smelters which cannot be stopped and restarted easily. It supplies mainly to the domestic market and going forward also it plans to focus mainly on the domestic market as there is enough demand due to expansion by large aluminium players. In carbon black, we are diversifying our customer and geographical portfolio to minimise any industry risk impact.

2. **Raw Material Risk:** Unavailability of key raw material may impact the regular operations of the Company.

Mitigation measures: The Company has a wide network of suppliers both in India and globally and enjoys long term relationship with all its major suppliers. It is further expected that India will become the second largest steel producer globally. The growth in the industry will ensure an uninterrupted raw material supply to the Company.

3. **Competition in the value-added products:** The competitors may replicate the niche products of the Company, impacting the margins.

Mitigation measures: The Company has been working to develop advance carbon materials for last 10 years. It is the only producer of Advance Carbon material in India and there are only a handful players in Japan to use this technology to manufacture using coal tar. The Company enjoys the cost leadership benefits as it is a dominant player in coal tar market and

captively sources power. Thus, the entry barriers for any competitors are very high.

4. **Cost risk:** The Company may incur higher working capital outlay and interest payment on debts to support the growing business operations, impacting the profitability.

Mitigation measures: The Company has efficiently brought down its working capital to 36% of revenue from 55% three years ago. It has reduced net debt by around ₹ 400 Crores over the past three years. Its net debt equity stands at 0.67 with an overall cost of borrowings is just above 9%.

5. **Forex risk:** Unfavourable currency movement may lead to notional losses, reflecting the profitability of the Company.

Mitigation measures: The Company has strategically reduced its forex exposure to 31% of total borrowing from 91% over the past three years. The exceptional provisioning due to forex loan is ending in the fiscal 2016-17, which will transpire into right profitability.

6. **Logistics risk:** The Company may loose its customers in the event of delayed delivery of the key products.

Mitigation measures: The CTP is stored and transported at 250 degree Celsius and requires special fleet of tankers to transport to the customer. The Company has a fleet of 148 dedicated specialized tankers to deliver the product to the customer.

7. **Environment risk:** Being a speciality chemicals manufacturer, the Company is highly exposed to environment risks through effluent discharge, harmful emissions, improper waste management and resource depletion, among others.

Mitigation measures: All the facilities of the Company have zero-discharge from environment perspective. The Company maintains a healthy track record when it comes to ensuring compliance with relevant

environmental legislations. It is equipped with state-of-the-art effluent treatment plant and a waste heat-based power plant. The gas generated from coal tar manufacturing is further consumed in-house in the process itself reducing energy consumption. The Company conserves natural resources like water, fuel, energy and builds environmental awareness among employees through regular interactive sessions.

11. INDUSTRIAL RELATIONS

The Company maintained close and cordial relations with its workforce. As a result, there were no interruptions or halts in work at any of the plant or any action taken against the management. Himadri takes sufficient care of its employees across levels and provides adequate motivation as well as a friendly environment. During the year, employee relationships remained cordial through the adoption of productive and performance-based policies. This is evident from the fact that there was no work interruption since commencement of operations of the Company.

12. SOCIAL WELFARE ACTIVITIES

The management undertakes welfare activities in the villages around the plants to benefit the communities at large. In line with the objective of Himadri's CSR policy, employees are encouraged to work toward the welfare of the society. They come in voluntarily and get actively involved in various CSR activities of the Company.

These include:

Promotion of Literacy

- Distributing books to students of adjoining villages at the commencement of Academic Year from KG to PG level.
- Awarding prizes to meritorious students to motivate them to do further better in their studies.

Healthcare

- Running Free Village Medical Centre around the year at adjoining village and providing Free Medical Consultation and Medicines.
- Conducting regular Free Eye Checking and Eye Operation Camps.

Drinking Water Supply

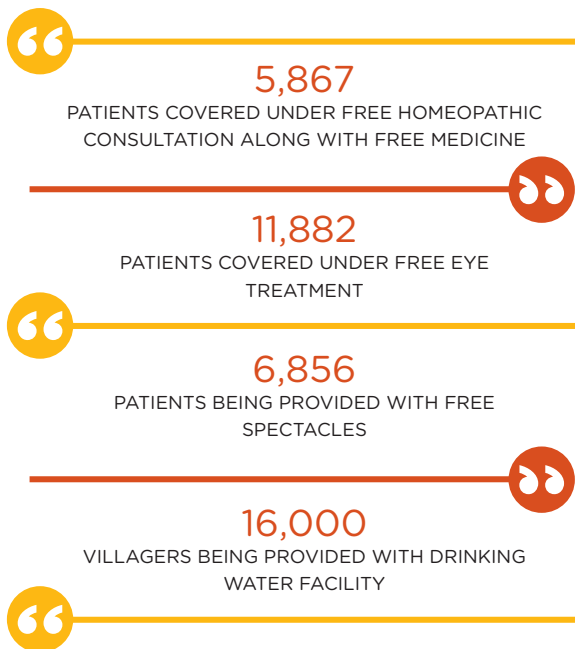
- Undertaken a Drinking Water Project by building infrastructure, connecting five villages and benefitting over sixteen thousand people.
- Scarcity of drinking water was identified as one of the key issues in neighbouring areas. The Company has built an extensive infrastructure to make drinking water available throughout the seasons in the impacted villages.

Community Development Programme to promote Local Economy and a sense of togetherness

- Repairing village roads.
- Rendering financial assistance to people of adjoining villages to build shop and earn their livelihood.
- Rendering assistance towards Self-Employment and Self-Empowerment of Women.
- Building temples at adjoining villages and other areas to facilitate Community Worship and develop a sense of gregariousness .

Rendering various forms of assistance

- Conducting Camps at various location of adjoining Villages and distribute Food and Clothes during time of festivals, natural calamity like inundation and draught, among others.
- Distributing clothes and also monthly groceries to Home for destitute children.



13. STATUTORY COMPLIANCE

The company secretary, as the compliance officer, ensures that the Company complies to SEBI regulations and provisions of the Listing Agreement. The Chief Financial Officer, the Chief Executive Officer and Managing Director act as Compliance Officers for the prevention of insider trading. With a view to cover the risk of compliance with various rules and regulations of the Companies Act, SEBI directives and the Listing Agreement, the Company has appointed Internal Auditors to ensure reporting of any potential non-compliance. Compliance certificates are obtained from various managerial personnel to ensure compliance to various statutes.

14. INTERNAL CONTROL SYSTEMS

At Himadri, the Board of Directors are responsible for ensuring that internal financial controls have been laid down in the Company and that such controls are adequate and are functioning effectively. Himadri has policies, procedures, control frameworks and management systems in place that map into the definition of Internal Financial Controls as detailed in the Companies Act, 2013. These have been established at the entity and process levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording of financial and operational information.

The senior management reviews and certifies the effectiveness of the internal control mechanism over financial reporting, adherence to the code of conduct and Company's policies for which they are responsible and also the compliance to established procedures relating to financial or commercial transactions, where they have a personal interest or potential conflict of interest, if any.

Himadri uses services of independent internal auditors to strengthen the internal controls process. There are well established comprehensive internal control systems, processes, rules, policies and procedures for effective monitoring and control of the entire operations of the Company and its subsidiaries.

The audit plan is approved by the Audit Committee, which reviews compliance to the plan. During the year, the Audit Committee met regularly to review reports submitted by the Auditors. All significant audit observations and follow-up actions thereon were reported to the Audit Committee.

The Audit Committee also met the Company's Statutory Auditors to ascertain their views on financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls and systems followed by the Company. The Management acted upon the observations and suggestions of the Audit Committee.

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present the 29th Annual Report, together with the Audited Financial Statements and the Auditors' Report thereon for the financial year ended 31 March 2017.

1. Financial Results

The financial results of the Company for the financial year ended 31 March 2017 is summarized below:

| Sl. No. | Particulars | Amount in ₹ Lakhs | | | |
|---------|---|-------------------|------------|--------------|------------|
| | | Standalone | | Consolidated | |
| | | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| I. | Revenue from operations | 147,125.42 | 129,078.10 | 149,008.82 | 132,237.61 |
| II. | Other income | 789.87 | 1,095.01 | 583.70 | 888.68 |
| III. | Total income (I + II) | 147,915.29 | 130,173.11 | 149,592.52 | 133,126.29 |
| IV. | Expenses | | | | |
| | Cost of materials consumed | 88,052.80 | 77,764.73 | 87,458.98 | 78,948.43 |
| | Changes in inventories of finished goods and work-in-progress | 645.87 | 5,333.78 | 703.09 | 5,552.88 |
| | Excise duty | 14,708.21 | 13,894.24 | 14,708.21 | 13,894.24 |
| | Employee benefits expense | 3,585.39 | 2,961.45 | 3,730.54 | 3,196.45 |
| | Finance costs | 8,047.45 | 10,998.76 | 8,157.74 | 11,110.98 |
| | Depreciation and amortisation expense | 3,097.36 | 6,371.56 | 3,278.14 | 6,704.74 |
| | Foreign exchange fluctuation | 2,002.89 | 1,109.65 | 2,812.33 | 1,244.25 |
| | Other expenses | 15,435.19 | 13,827.16 | 16,276.91 | 14,821.81 |
| | Total expenses (IV) | 135,575.16 | 132,261.33 | 137,125.94 | 135,473.78 |
| V. | Profit/ (loss) before tax (III-IV) | 12,340.13 | (2,088.22) | 12,466.58 | (2,347.49) |
| VI. | Tax expenses | | | | |
| | Current tax | - | (5.31) | - | (5.31) |
| | Deferred tax | 4,222.76 | (446.51) | 4,222.76 | (446.51) |
| VII. | Profit / (loss) for the year (V-VI) | 8,117.37 | (1,636.40) | 8,243.82 | (1,895.67) |

2. Indian Accounting Standards

The Ministry of Corporate Affairs (MCA) vide its notification in the Official Gazette dated 16 February 2015, notified the Indian Accounting Standards ("Ind AS") applicable to certain classes of Companies, which has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies Accounts Rules, 2014. Accordingly, the Company has adopted Ind AS with effect from 1 April 2016 with a transition date of 1 April 2015 and IGAAP as the previous GAAP. The financial statements for the year ended 31 March 2017 has been prepared in accordance with Ind AS.

The MCA notification also mandates that Ind AS shall be applicable to subsidiary Companies, Joint venture or associates of the Company. Hence the Company and Himadri group has prepared and reported financial statements under Ind AS w.e.f. 1 April 2016 including restatement of the opening balance sheet as at 1 April 2015.

3. Performance Highlights

i) Financial Performance - Standalone

Total Revenue from operations of the Company was ₹ 147,125.42 lakhs for the year ended 31 March 2017 as against ₹ 129,078.10 lakhs for the year

ended 31 March 2016 represented an increase of 13.98% primarily on account of increase in volume and better realization of prices. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/gain and other income was ₹ 24,697.96 lakhs as compared to ₹ 15,296.74 lakhs for the previous year. EBITDA for the year is increased by 61.46% due to increase in volume as well as EBITDA per ton. During the financial year 2016-17, the Company earned a profit after tax of ₹ 8,117.37 lakhs as compared to loss after tax of (₹ 1,636.40) lakhs in previous year.

ii) Financial Performance - Consolidated

On consolidated basis, the total revenue from operations in the financial year 2016-17 increased by 12.68% to ₹ 149,008.82 lakhs from ₹ 132,237.61 lakhs in the previous year. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/gain and other income, was ₹ 26,131.09 lakhs as compared to ₹ 15,823.80 lakhs for the previous year. EBITDA for the year is increased by 65.14% due to increase in volume as well as EBITDA per ton. During the financial year 2016-17, the Company earned a profit after tax of ₹ 8,243.82 lakhs as compared to a loss after tax of (₹ 1,895.67) lakhs in the previous year.



4. Debenture Redemption Reserve (DRR)

In terms of Section 71(4) of the Companies Act, 2013 the Company has transferred a sum of ₹ 678.56 lakhs (previous year: ₹ 678.57 lakhs) to the credit of Debenture Redemption Reserve out of its current profits for the purpose of redemption of Non-Convertible Debentures issued by the Company.

5. Dividend

The Board is pleased to recommend a Dividend of 10% (Re 0.10 per share) on 418,407,867 equity shares of Re 1/- each for the financial year 2016-17 out of its' current profits, subject to the approval of Members at the ensuing Annual General Meeting of your Company. The Dividend payout (including corporate dividend tax) will be ₹ 503.59 lakhs (previous year: ₹ 251.79 lakhs).

6. Subsidiaries

The Company has an unlisted non-material wholly owned Indian subsidiary Company, Equal Commoddeal Private Limited ('ECPL'). The Company also has two step down subsidiaries Companies 1) AAT Global Limited in Hong Kong in which the Company holds 100% equity through its wholly owned Indian Subsidiary, 2) Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

A report on the performance and financial position of each of the aforementioned subsidiaries as per provisions of sub section (3) of Section 129 the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC-1 is annexed to the Annual Report and hence not repeated here for the sake of brevity.

During the financial year 2016-17, no Company has become or ceased to be subsidiary, joint venture or associate of the Company.

7. Consolidated Financial Statements

In accordance with Indian Accounting Standard (IND AS) 110 - "Consolidated Financial Statements" as notified by Ministry of Corporate affairs and as per General instruction for preparation of consolidated financial statements given in Schedule III of the Companies Act, 2013 and in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), the Company has prepared Consolidated financial statements. The Audited Consolidated Financial Statements along with the Auditors' Report thereon forms part of the Annual Report.

8. Melting Plant at Sambalpur, Odisha

The Company's Melting Plant (Coal tar Pitch) at Sambalpur in the state of Odisha has become operational since August 2016.

9. Windmills

During the financial year 2016-17, the performance of the windmills at Dhule in Maharashtra remained satisfactory and it generated 3,646,615 kwh units of wind energy as compared to 28,40,726 kwh units in the previous year. The revenue generated by the windmills for the year remained at ₹ 180.74 lakhs as compared to ₹ 136.76 lakhs in previous year.

10. Working Capital

The Company continued to enjoy working capital facilities under multiple banking arrangements including State Bank of India, Central Bank of India, ICICI Bank, Citi Bank, Axis Bank, Yes Bank, Indusind Bank, Union Bank of India and IDBI Bank Ltd. The Company has been regular in servicing these debts.

11. Revision of Credit Rating

The Credit Analysis & Research Ltd (CARE) has revised the rating assigned to the Company's various credit facilities and debt instruments during the financial year 2016-17 and those are as follows:

| Facilities | Rating |
|----------------------------|--|
| Long-term Bank Facilities | CARE A; Stable (Single A; Outlook Stable) |
| Short-term Bank Facilities | CARE A1 (A One) |
| Non-Convertible Debentures | CARE A; Stable (Single A; Outlook Stable) |

12. Capital Expenditure

During the financial year 2016-17, Cash outflow on account of addition to fixed assets was aggregating to ₹ 1,153.49 lakhs (including Capital work in-progress and capital advances).

13. Directors and Key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013, Mr. Bankey Lal Choudhary (DIN: 00173792), the Managing Director of the Company will retire from the office by rotation, and being eligible, offer himself for re-appointment.

During the year Mr. Krishnava Satyaki Dutt (DIN: 02792753), an Independent Director of the Company and Mr. Pavninder Singh (DIN: 03048302), Nominee Director of BC India Investments has resigned from the Board. The Board has placed on record its warm appreciation for the valuable contributions made by these directors during their tenure.

The Company was required to fill-up the vacancy in the office of Independent Directors, and accordingly the Board at its meeting held on 14 November 2016 has approved the appointment of Mr. Santosh Kumar Agrawala (DIN: 00364962), as an additional director to act as an Independent Director of your Company subject to the approval of the Shareholders by means of passing a Special resolution at the ensuing Annual General Meeting of the Company.

The Board met 4 (Four) times during the financial year 2016-17 with a maximum time gap not exceeding 120 days in between two consecutive meetings.

The constitution of the Board is in Compliance with the provisions of Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations.

The brief resume and other details relating to the Directors, who are to be appointed / re-appointed as stipulated under Regulation 36(3) of the SEBI Listing Regulations, are provided in the Notice of Annual General Meeting forming part of the Annual Report.

The number and dates of meetings held by the Board and its Committees, attendance of Directors and remuneration paid to them is given separately in the attached Corporate Governance Report in terms of Section 134(3)(b) of the Companies Act, 2013.

During the financial year 2016-17, there was no change in the Key Managerial Personnel of your Company.

14. Declaration from Independent Directors

All the Independent Directors of the Company have given necessary declaration of their Independence to the Board as stipulated in Section 149(6) of the Companies Act, 2013 as required in terms of Section 134(3)(d) of the Companies Act, 2013.

15. Material Changes and commitments affecting the financial position of the Company

There were no material changes and commitments occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

16. Directors' Responsibility Statement

As required under Section 134(3)(c) read with section 134(5) of the Companies Act, 2013, and as per Schedule II Part C(A) (4)(a) of the SEBI Listing Regulations, your directors confirm that:

- a. In the preparation of the annual accounts for the year ended 31 March 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. The Directors have selected suitable accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. The Directors have prepared the annual accounts on a going-concern basis;
- e. The Directors, have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively;

17. Nomination & Remuneration Policy

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations has formulated a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and senior management which inter-alia provides the diversity of the Board and provides the mechanism for performance evolution of the Directors and the said policy is annexed herewith and marked as **Annexure I** forming part of this report.

18. Loans, Guarantees or Investments u/s 186 of the Companies Act, 2013

The Company has provided a loan of ₹ 154.45 lakhs to Equal Commodeal Private Limited, a wholly owned subsidiary of the Company, during the financial year 2016-17 for business purpose. Further, the Company has not made any investments or provided any guarantees during the year under review. However, the details of Loans, investments made or guarantee given and subsists as on the close of the financial year 2016-17 are provided in the notes to the financial statements.

19. Extracts of the Annual Return

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an Extract of Annual Return as on the financial year ended on 31 March 2017, in Form No. MGT-9 is annexed herewith and marked as **Annexure II** forming part of this report.

20. Particulars of Remuneration of Managerial Personnel and Employees and related disclosure

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed herewith and marked as **Annexure III** forming part of this Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are annexed herewith and marked as **Annexure IV** forming part of this Report.

21. Risk Management (Risk Assessment and Minimization Procedure)

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. Your Company periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans. The Company has formulated a Policy on Risk Management (Risk Assessment and Minimization Procedure) in consultation with Senior Management to identify various kinds of risk in business of the Company and take adequate steps to minimize the same. There are no risks which in the opinion of the Board threaten the existence of your Company. However, some of the risks which are inherent in business and type of industry in which it operates are elaborately described in the Management Discussion and Analysis forming part of this Report.

22. Internal Financial Controls

The Internal Financial Controls adopted and followed by your Company are adequate and are operating effectively which were reviewed by the Board and Audit Committee from time to time. The Board observed that during the financial year 2016-17, no material or serious observations have been received from the Internal Auditors of your Company regarding inefficiency or inadequacy of such controls.

23. Employee Stock Option Plan (ESOP)

Your Company has adopted Himadri Employee Stock Option Plan ("ESOP 2016") for granting of options to eligible employees of your Company as approved by the Members of Your Company at the 28th Annual General Meeting held on 24 September 2016. The applicable disclosures as required under the SEBI Guidelines as amended, and the details of stock options as at 31 March 2017 under the ESOP 2016 are set out in the attached **Annexure V** and forms part of the report

24. Auditors and Auditor's Report

• Statutory Auditors

The Statutory auditors M/s B.S.R. & Co. LLP, Chartered Accountants initially appointed as Joint Statutory Auditors at the Annual General Meeting (AGM) held on 29 September 2012 and would be completing their first



term of five years at the ensuing AGM and are eligible for re-appointment for a further period of five years. The Company has received necessary written consent and certificates under Section 139 of the Companies Act, 2013 from them to the effect that their appointment, if made, shall be in accordance with the conditions specified therein and they satisfies the Criteria as prescribed in Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

The Auditors' Report and notes to the financial statements are self-explanatory and therefore do not call for any further explanation.

- **Secretarial Auditor**

Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board has appointed M/s MKB & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report, pursuant to Section 204(1) of the Companies Act, 2013, for the financial year ended 31 March 2017 is given in **Annexure VI** attached hereto and forms part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

- **Cost Auditor**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended, Board of Directors at its meeting held on 10th May, 2017, and upon recommendation of Audit Committee appointed Mr. Sambhu Banerjee, Cost Accountant, as Cost Auditor of the Company to conduct the audit of the cost records of the Company for the Financial Year 2017-18. Your Company has received necessary consent from Mr. Sambhu Banerjee, Cost Accountant, to act as the Cost Auditor of the Company for the financial year 2017-18 along with the certificate confirming their his appointment would be within limit as applicable.

As required under the Act, the remuneration payable to Cost Auditor is required to be ratified by the Members of the Company at the ensuing Annual general Meeting, accordingly a Resolution seeking approval of members for ratification of payment of remuneration is included in the Notice convening the Annual General Meeting of the Company.

25. Vigil Mechanism / Whistle Blower Policy

The Company has formulated a Vigil Mechanism / Whistle Blower Policy in terms of Section 177 of the Companies Act, 2013 and as per Regulation 22 of the SEBI Listing Regulations for the employees to report their grievances / concerns about instances of unethical behaviour, actual or suspected fraud or violation of Company's Code of Conduct by means of Protected Disclosure to the Vigilance Officer or the Chairman of the Audit Committee.

The vigil mechanism / whistle blower policy may be accessed on the Company's website at the link: http://himadri.codez.co.in/pdf/corporate-governance/Code-Policies/Policy_on_Vigil_Mechanism.pdf

26. Conservation of energy, technology absorption and foreign exchange earnings and outgo

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be

given pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, is annexed herewith and marked as **Annexure VII** forming part of this Report.

27. Related Party Transactions

The Company has formulated a Policy on Materiality of and Dealing with Relating Party Transaction in terms of Regulation 23 of the SEBI Listing Regulations and the said Policy is posted on the Website of the Company and during the financial year 2016-17 there were no transactions with related parties which qualify as material transactions under the SEBI Listing Regulations, except those entered with its' Wholly Owned Subsidiaries.

All the Related Party Transactions entered into by the Company during the financial year were in ordinary course of business and on arm's length basis. There have been no materially significant related party transactions between the Company and its' related parties except those entered with its Wholly Owned Subsidiaries. The details of the related party transactions are disclosed as per Indian Accounting Standard (IND AS) - 24 and set out in note 39 to the Standalone financial statements forming part of this annual report.

The disclosure of material related party transactions entered in ordinary course of business during the financial year 2016-17 with its Wholly Owned Subsidiary company as required to be made under section 134(3)(h) read with section 188 (2) of the Companies Act, 2013 in form AOC-2 is given in **Annexure VIII** forming the part of this report.

28. Corporate Social Responsibility (CSR)

The Board in compliance with the provisions of Section 135(1) of the Companies Act, 2013 and rules made thereunder has a Committee to be known as CSR Committee with Mr. Santimoy Dey, Independent Non-executive Director, Mr. Sakti Kumar Banerjee, Independent Non-executive Director and Mr. Shyam Sundar Choudhary, Whole Time Director of the Company as its members. The CSR policy has been placed on the Website of the Company and can be accessed through the link: http://himadri.codez.co.in/pdf/corporate-governance/Code-Policies/Policy_on_Corporate_Social_Responsibility.pdf

The Company was not required to undertake any CSR activities during the financial year 2016-17 as per the provisions of Section 135 of the Companies Act, 2013; however, it has voluntarily expended a sum of ₹ 14.70 lakhs on CSR activities covered within the scope of the CSR Policy of the Company. The Annual Report on CSR activities in terms of Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith and marked as **Annexure IX** forming part of this report.

29. Annual Evaluation of the Members of the Board

The Board, upon recommendation of the Nomination and Remuneration Committee and as per the criteria and manner provided for the annual evaluation of each member of the Board and its Committees, has evaluated the performance of the entire Board, its Committees and individual directors. All the members of the Board and its Committee met the criteria of performance evaluation as set out by Nomination and Remuneration Committee.

30. Public Deposit

During the financial year 2016-17, the Company has not accepted any deposits from public within the meaning of Section 73 and Section 74 of the Companies Act, 2013,

therefore the disclosure under rule 8 (5)(v) & (vi) of Companies (Accounts) Rules, 2014, are not applicable to the Company.

31. Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in future

There were no significant and material orders passed by any Regulatory authority or Courts or Tribunals impacting the going concern status and Company's operation in future, therefore the disclosure under rule 8 (5)(vii) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

32. Transfer to Investor Education & Protection Fund

The Company sends intimations to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made to co-ordinate with the Registrar to locate the shareholders who have not claimed their dues.

During the financial year 2016-17, the Company has transferred a sum of ₹ 538,410 to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years. Despite the reminder letters sent to each shareholder, this amount remained unclaimed and the same was transferred.

33. Corporate Governance

In terms of the provisions of Regulation 34(3) of the SEBI Listing Regulations the Corporate Governance Report together with a certificate from a Practising Company Secretary confirming compliance, is annexed herewith and marked as **Annexure X** forming part of this report.

34. Management Discussion and Analysis

The Management Discussion and Analysis as required under Schedule V of the SEBI Listing Regulations forms an integral part of this report.

35. Listing on Stock Exchanges

The equity shares of the Company continue to be listed on the BSE Ltd. (BSE) and the National Stock Exchange of India Limited (NSE). The Company has remitted the listing fee to these stock exchanges, up to date.

The Non-Convertible Debentures (NCD) issued by the Company aggregating ₹ 25,000 lakhs continue to be listed at BSE and the Company has been regular in the remittance of the listing fee to the exchange for such debentures.

36. Dematerialisation of Shares

There were 410,412,612 equity shares of the Company held by the shareholders in de materialised form as on 31 March 2017, representing 98.09% of the total paid-up share capital of the Company consisting of 418,407,867 equity shares of Re 1/- each.

The Company's equity shares are compulsorily required to be traded in de materialised form; therefore, members are advised to expedite the process of converting the physical shareholding into de materialised form through their D/P(s).

37. E-voting facility at AGM

In terms of Regulation 44 of SEBI Listing Regulations and in compliance with the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 and 21(1) (a) to (h) of the Companies (Management and Administration) Rules, 2014 (as amended), the Items of Business specified in the Notice convening the 29th Annual General Meeting of the Company may be transacted through electronic voting system and for this purpose the Company is providing e-Voting facility to its' members whose names will appear in the register of members as on the cut-off date (fixed for this purpose), for exercising their right to vote by electronic means through the e-Voting platform to be provided by National Securities Depository Limited (NSDL). The detailed process and guidelines for e-voting has been provided in the notice convening the meeting.

38. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has an Internal Compliant Committee as required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder which were notified on 9 December 2013.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and Redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During the financial year 2016-17, the committee submitted its' Annual Report as prescribed in the said Act and there was no complaint as regards of sexual harassment received by the Committee during the year.

39. Acknowledgement

Your Directors express their sincere appreciation for contribution and cooperation received from its' bankers, customers, vendors, suppliers, dealers, investors, business associates and all the stakeholders including Government of India, the State Governments where the Company operates and other governmental agencies.

Your directors also express their thanks to all the employees and officers of the Company for their dedication and hard working and for achieving excellent growth of the Company

For and on behalf of the Board

Sd/-

Bankey Lal Choudhary

Managing Director

(DIN: 00173792)

Sd/-

Shyam Sundar Choudhary

Executive Director

(DIN: 00173732)

Place: Kolkata

Date: 10 May 2017



Annexure I of the Board's Report

Nomination & Remuneration Policy of the Company

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company already constituted the Committee comprising of three non-executive Independent Directors as required under Listing Agreement. In order to comply with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 13th November 2013 changed of the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee" and further the same was re-constituted the Committee on 11th August 2014 with three non-executive Independent Directors as Member of the Committee. The Committee has reviewed and formulated "Remuneration Policy" in compliance with the provisions of Section 178 of the Companies Act, 2013 read with the applicable rules thereto and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations').

Section 178 of the Companies Act, 2013, inter-alia provides that the Committee shall formulate the criteria for determining qualifications, positive attitudes and independence of a Director and recommend to the Board a policy relating to remuneration for Directors, Key Managerial Personnel (KMP) and other employees;

The Remuneration Policy of Himadri Speciality Chemical Ltd (Formerly Known as Himadri Chemicals & Industries Limited) and its subsidiaries (the "Company"), is designed to attract, motivate and retain quality people in a competitive market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Remuneration Policy applies to Directors, Key Managerial Personnel and other employees of the Company as per the provisions of the Companies Act, 2013.

II. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Listing Regulations as amended from time to time.

III. OBJECTIVE

- a) To make recommendations to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;
- b) To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- c) To evaluate the performance of the members of the Board and provide necessary reports to the Board for further evaluation and to ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- d) To make recommendations to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management and to ensure that such remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

IV. DEFINITIONS:

"Board" means Board of Directors of the Company.

"Company" means "Himadri Speciality Chemical Ltd (Formerly Known as Himadri Chemicals & Industries Limited)"

"Employees' Stock Option" means the option given to the directors, officers or employees of a Company or of its holding Company or subsidiary Company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.

"Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and in clause 49 of the Listing Agreement;

"Key Managerial Personnel" (KMP) means;

- (i) Chief Executive Officer or the Managing Director or the Manager,
- (ii) Company Secretary,
- (iii) Whole-Time Director,
- (iv) Chief Financial Officer, and
- (v) Such other officer as may be prescribed.

"Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

"Policy or This Policy" means, "Nomination and Remuneration Policy."

"Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

"Service rules/HR Policy" means "Service Rules/HR Policy" as framed by the Management which are applicable to all employees, may be amended or modified from time to time by the management.

"Senior Management" means any personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads. An Organisation Chart defining the Core Management Team and managerial personnel "one Level below the executive Director" is annexed hereto forming the part of this policy and marked as Annexure "A".

V. APPOINTMENT AND REMOVAL:

A. Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director / Whole-time Director / Manager

who has attained the age of seventy years
 Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

B. Term / Tenure:

1. **Managing Director/Executive Director/Whole-time Director/Manager:** The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
2. **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of 5 years only.

At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

C. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

D. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Managing Director / Executive Director / Whole Time Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations made thereunder and Service rules/HR Policy of the Company as prevalent at that time .

E. Retirement:

The Managing Director / Executive Director / Whole Time Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Managing Director / Executive Director / Whole Time Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to such approvals as may be required in this regard.

VI. PROVISIONS RELATING TO REMUNERATION:

A. General:

1. The remuneration / compensation / commission etc. to Managing Director, Executive / Whole Time Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. The remuneration and commission to be paid to Managing Director, Executive / Whole Time Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and in accordance with and subject to the relevant provisions of the Articles of Association of the Company.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.
4. Where any insurance is taken by the Company on behalf of its Managing Director, Executive / Whole Time Directors, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

B. Remuneration to Non-Executive / Independent Director:

1. **Remuneration / Commission:** The Committee may recommend the payment of remuneration / commission in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.
2. **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.



3. Limit of Remuneration /Commission: Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

C. Executive / Whole Time Directors

I. Appointment / Re-appointment, Remuneration and Terms and Conditions:

Appointment and Re-appointment, if any, of Executive Directors/ Whole Time Directors including remuneration and other terms and conditions thereof shall be in accordance with the provisions of Section 196, 197 of the Companies Act, 2013 read with Schedule V appended thereto. The Committee will recommend the appointment or re-appointment, if any, of any of the Executive/ Whole Time Directors to the Board and same will be approved by the shareholders at General meetings by passing the necessary resolution in terms of provisions of Companies act, 2013.

The components of remuneration package may include the following:

- Basic Pay
- Allowances
- LTA
- Any other perks and benefits.

II. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive/ Whole Time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

III. Over all Maximum Managerial Remuneration

The total managerial remuneration payable by the Company to its Directors, including Managing Director and Whole Time Directors and its Managers in respect of any financial year shall not exceed 11% of the net profit of the Company for that financial year calculated in the manner as laid down in Section 198 of Companies Act. 2013 except that the Remuneration of the Directors shall not be Deducted from the Gross profit.

In the event of Payment of Remuneration exceeding 11% of net profit necessary formalities to be complied with as per the said Act.

IV. Provisions for excess remuneration

If any Executive/ Whole Time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies

Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

D. Key Managerial Personnel and Senior Management

Remuneration of KMP and Senior Management Personnel is proposed by the Company's Nomination and Remuneration Committee and subsequently approved by the Board of Directors. The remuneration is evaluated annually against performance of the Company, individual performance/ contribution and decides Remuneration rationally. The remuneration of KMP and Senior Management Personnel may comprise of the following:

- A fixed base salary, set at a level aimed at attracting and retaining executives with professional and personal competences required to drive the Company's performance.
- Special pay
- Variable pay linked with Performance in respect of certain positions
- Allowances (HRA, Conveyance etc.)
- LTA
- Perquisite and benefits
- Coverage on Mediclaim
- Retirement benefits including Superannuation

The KMP (s) and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

'VII. Policy on diversity of Board:

The Board of Directors shall have the optimum combination of executive and non-executive Directors including Independent Directors from the different fields like Planning, Strategy, Production, Management, Engineering, Quality Assurance, Finance & Accountancy, Legal, Sales and Marketing, Supply chain, Research and Development, Human Resources etc or as may be considered appropriate by the Committee from time to time.

The Board shall have at least one member who has accounting or related financial management expertise and at least three members who are financially literate. And the Board should have at least one woman director as its member.

VIII. Assistance from Outside Agency

The committee may take the assistance of External expert/agency as and when required to ensure that recommendations are based on rationale as also parameter to judge the performance level through a process.

¹ Amended by the Nomination and Remuneration Committee at its meeting held on 26th March, 2015

IX. Amendment / Revision

Any policy including Remuneration Policy is dynamic concept. Hence it will be reviewed periodically & bring changes/ amendment as and when required based on business need, benchmark with comparable Industries and any other factors relevant in the context of formulation of Remuneration Policy that has direct linkage between business growth & attract, retain & motivate people on sustainable basis.

X. Disclosure of Information

Information as required in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5 of Company (Appointment & Remuneration) Rules, 2014 shall be disclosed in the Board in the manner as provided therein.

Annexure - A*

(One Level below the Executive Directors including functional heads)

HIMADRI SPECIALITY CHEMICAL LTD

(Formerly Known as HIMADRI CHEMICALS & INDUSTRIES LIMITED)



*Amended with effect from 1st December 2015



Annexure II of the Board's Report

Form No. MGT- 9**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31 March 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

| | | | |
|------|---|---|--|
| i) | CIN | : | L27106WB1987PLC042756 |
| ii) | Registration Date | : | 28 July 1987 |
| iii) | Name of the Company | : | Himadri Speciality Chemical Ltd |
| iv) | Category / Sub-Category of the Company | : | Public Company / Limited by shares |
| v) | Address of the Registered office and contact details | : | 23A, Netaji Subhas Road, 8th Floor, Suite No 15, Kolkata - 700001, Ph: 033-22309953, website: www.himadri.com |
| vi) | Whether Listed Company | : | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent | : | M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700006, Contact Person Dilip Bhattacharya Ph: 033-22196797/4815, email: skcdilip@gmail.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to Total Turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1 | Carbon Materials & Chemicals | 23999 | 87.88% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|--------|---|-----------------------|--------------------------------|-------------------|--------------------|
| 1 | Equal Commoddeal Private Limited - 72/4, Shambhu Nath Pandit Street, Kolkata - 700025 | U51909WB2011PTC160507 | Subsidiary | 100% | 2 (87)(ii) |
| 2 | AAT Global Limited - Office 4, 10/F, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hongkong | N.A. | Subsidiary | 100% ¹ | 2 (87)(ii) |
| 3 | Shandong Dawn Himadri Chemical Industry Limited No. 368, North Heping Road, Longkou Economic Development Zone, Longkou City. China - 265700 | N.A. | Subsidiary | 94% ² | 2 (87)(ii) |

¹ Holding through Equal Commoddeal Private Limited² Holding through AAT Global Limited

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

(i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 1 April 2016] | | | | No. of Shares held at the end of the year [As on 31 March 2017] | | | | %Change during the year |
|--|---|-----------------|------------------|-------------------|--|----------------|------------------|-------------------|-------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter and Promoter Group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| Individual/ HUF | 12728600 | - | 12728600 | 3.04 | 12728600 | - | 12728600 | 3.04 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | 192086607* | - | 192086607 | 45.91 | 192086607 | - | 192086607 | 45.91 | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total (A)(1) | 204815207 | - | 204815207 | 48.95 | 204815207 | - | 204815207 | 48.95 | - |
| (2) Foreign | | | | | | | | | |
| a) Individual/ NRI | - | - | - | - | - | - | - | - | - |
| b) Government | - | - | - | - | - | - | - | - | - |
| c) Institutions | - | - | - | - | - | - | - | - | - |
| d) Foreign Portfolio Investors | - | - | - | - | - | - | - | - | - |
| e) Any other | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2) | 204815207 | - | 204815207 | 48.95 | 204815207 | - | 204815207 | 48.95 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | 3000 | 3000 | 0.00 | - | 3000 | 3000 | 0.00 | 0 |
| b) Banks / FI | 1000 | 15000 | 16000 | 0.00 | 379927 | 15000 | 394927 | 0.09 | 0.09 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Foreign Portfolio | - | - | - | - | 2785693 | - | 2785693 | 0.67 | 0.67 |
| g) Insurance Companies | - | - | - | - | - | - | - | - | - |
| h) FIs | - | - | - | - | - | - | - | - | - |
| i) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| j) Others (specify) | - | - | - | - | 241447 | - | 241447 | 0.06 | 0.06 |
| Foreign Institutional | | | | | | | | | |
| Sub-total (B)(1):- | 1000 | 18000 | 19000 | 0.01 | 3407067 | 18000 | 3425067 | 0.82 | 0.81 |
| 2. Cent Govt/State Govt/ President of India | | | | | | | | | |
| Sub-total (B)(2):- | - | - | - | - | - | - | - | - | - |
| 3. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 42414225 | 162800 | 42577025 | 10.18 | 33243867 | 162800 | 33406667 | 7.98 | -2.19 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 2 lakhs | 28572048 | 8005445 | 36577493 | 8.74 | 34775654 | 7814455 | 42590109 | 10.18 | 1.44 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs | 30530762 | - | 30530762 | 7.30 | 29732707 | - | 29732707 | 7.11 | -0.19 |
| c) Others (specify) | | | | | | | | | |
| Trustees | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | 709520 | - | 709520 | 0.17 | 960375 | - | 960375 | 0.23 | 0.06 |
| Overseas Corporate Bodies | 103178860 | - | 103178860 | 24.66 | 103178860 | - | 103178860 | 24.66 | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | 298875 | - | 298875 | 0.07 | 0.07 |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies - DR | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(3):- | 205405415 | 8168245 | 213573660 | 51.04 | 202190338 | 7977255 | 210167593 | 50.23 | -0.81 |
| Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3) | 205406415 | 8186245 | 213592660 | 51.05 | 205597405 | 7995255 | 213592660 | 51.05 | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 377546325 | 40861542 | 418407867 | 100.00 | 410412612 | 7995255 | 418407867 | 100.00 | - |

*The resulted equity Shares 32675297 upon conversion of Deep Discount Debentures were intended to be allotted in Demat form and as on the close of the financial year 2016 the Corporate Action of such allotment in Demat form was under process, hence these Shares have been deemed to be held in Demat Form at the beginning of the financial year.



(ii) Shareholding of Promoters

| Sl. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|--------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | |
| 1 | Mr. Damodar Prasad Choudhary | 1484280 | 0.35 | - | 1484280 | 0.35 | - | - |
| 2 | Mr. Bankey Lal Choudhary | 1484280 | 0.35 | - | 1484280 | 0.35 | - | - |
| 3 | Mr. Vijay Kumar Choudhary | 3266640 | 0.78 | - | 3266640 | 0.78 | - | - |
| 4 | Mr. Shyam Sundar Choudhary | 3234280 | 0.77 | - | 3234280 | 0.77 | - | - |
| 5 | Ms. Sushila Devi Choudhary | 850000 | 0.20 | - | 850000 | 0.20 | - | - |
| 6 | Ms. Saroj Devi Choudhary | 822850 | 0.20 | - | 822850 | 0.20 | - | - |
| 7 | Ms. Sheela Devi Choudhary | 763420 | 0.18 | - | 763420 | 0.18 | - | - |
| 8 | Ms. Kanta Devi Choudhary | 822850 | 0.20 | - | 822850 | 0.20 | - | - |
| 9 | Himadri Dyes & Intermediates Limited | 98284310 | 23.49 | - | 98284310 | 23.49 | - | - |
| 10 | Himadri Credit & Finance Ltd | 9487000 | 2.27 | - | 9487000 | 2.27 | - | - |
| 11 | Himadri Industries Ltd | 46140000 | 11.03 | - | 46140000 | 11.03 | - | - |
| 12 | Himadri Coke & Petro Limited | 38175297 | 9.12 | - | 38175297 | 9.12 | - | - |
| | TOTAL | 204815207 | 48.95 | - | 204815207 | 48.95 | - | - |

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No | | Shareholding at the beginning of the year (As on 1 April 2016) | | Cumulative Shareholding during the year (1 April 2016 - 31 March 2017) | |
|--------|------------------------------|--|----------------------------------|--|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | At the beginning of the year | 204815207 | 48.95 | - | - |
| | Nil changes during the year* | - | - | - | - |
| | At the end of the year | - | - | 204815207 | 48.95 |

*There is no change in the shareholding of promoters during the financial year 2016-17.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No | Name of the Shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|------------|--------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | BC India Investments | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 103178860 | 24.66 | - | - |
| | Increase / Decrease in Shareholding during the year | - | - | - | - | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | 103178860 | 24.66 |
| 2 | Chaturveda Advisory Services LLP | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 10000000 | 2.39 | - | - |
| | Increase / Decrease in Shareholding during the year | - | - | - | - | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | 10000000 | 2.39 |
| 3 | Dilip Kumar Lakhi | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 13149913 | 3.14 | - | - |
| | Increase / Decrease in Shareholding during the year | 03/06/2016 | Buy | 12326 | 0.00 | 13162239 | 3.15 |
| | | 08/07/2016 | Sell | 448235 | 0.11 | 12714004 | 3.04 |
| | | 15/07/2016 | Sell | 120000 | 0.03 | 12594004 | 3.01 |
| | | 05/08/2016 | Sell | 69650 | 0.02 | 12524354 | 2.99 |
| | | 12/08/2016 | Sell | 418100 | 0.10 | 12106254 | 2.89 |
| | | 02/09/2016 | Sell | 65000 | 0.02 | 12041254 | 2.88 |
| | | 09/09/2016 | Sell | 50000 | 0.01 | 11991254 | 2.87 |
| | | 16/09/2016 | Sell | 95000 | 0.02 | 11896254 | 2.84 |
| | | 23/09/2016 | Sell | 80000 | 0.02 | 11816254 | 2.82 |
| | | 30/09/2016 | Sell | 45000 | 0.01 | 11771254 | 2.81 |
| | | 07/10/2016 | Sell | 255000 | 0.06 | 11516254 | 2.75 |
| | | 28/10/2016 | Sell | 97655 | 0.02 | 11418599 | 2.73 |
| | | 04/11/2016 | Sell | 1000 | 0.00 | 11417599 | 2.73 |
| | | 25/11/2016 | Sell | 20000 | 0.00 | 11397599 | 2.72 |
| | | 02/12/2016 | Sell | 3000 | 0.00 | 11394599 | 2.72 |
| | | 09/12/2016 | Sell | 2363 | 0.00 | 11392236 | 2.72 |
| | | 23/12/2016 | Sell | 222148 | 0.05 | 11170088 | 2.67 |
| | | 06/01/2017 | Sell | 267377 | 0.06 | 10902711 | 2.61 |
| | | 13/01/2017 | Sell | 248582 | 0.06 | 10654129 | 2.55 |
| | | 03/02/2017 | Sell | 513251 | 0.12 | 10140878 | 2.42 |
| | | 10/02/2017 | Sell | 175000 | 0.04 | 9965878 | 2.38 |
| | | 17/03/2017 | Sell | 15000 | 0.00 | 9950878 | 2.38 |
| | | 24/03/2017 | Sell | 100000 | 0.02 | 9850878 | 2.35 |
| | At the end of the year | 31/03/2017 | - | - | - | 9850878 | 2.35 |
| 4 | Vallabh Roopchand Bhansali | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 2854220 | 0.68 | - | - |
| | Increase / Decrease in Shareholding during the year | - | - | - | - | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | 2854220 | 0.68 |
| 5 | Akash Bhansali Manek Bhansali HUF | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 2616400 | 0.63 | - | - |
| | Increase / Decrease in Shareholding during the year | - | - | - | - | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | 2616400 | 0.63 |
| 6 | ECAP Equities Limited# | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | - | - | - | - |
| | Increase / Decrease in Shareholding during the year | 17/06/2016 | Buy | 1150000 | 0.27 | 1150000 | 0.27 |
| | | 24/06/2016 | Buy | 581000 | 0.14 | 1731000 | 0.41 |
| | | 10/03/2017 | Buy | 367700 | 0.09 | 2098700 | 0.50 |
| | At the end of the year | 31/03/2017 | - | - | - | 2098700 | 0.50 |
| 7 | Enam Investment Service Ltd (Formerly Known as Bhansali Stock Brokers Private Limited) | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 1740990 | 0.42 | - | - |
| | Increase / Decrease in Shareholding during the year | - | - | - | - | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | 1740990 | 0.42 |



| Sl. No | Name of the Shareholders | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|---|------------|--------|---|----------------------------------|---|----------------------------------|
| | | | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 8 | Bajaj Allianz Life Insurance Company Ltd# | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | - | - | - | - |
| | Increase / Decrease in Shareholding during the year | 13/01/2017 | Buy | 198047 | 0.05 | 198047 | 0.05 |
| | | 03/03/2017 | Buy | 200000 | 0.05 | 398047 | 0.10 |
| | | 10/03/2017 | Buy | 300000 | 0.07 | 698047 | 0.17 |
| | | 17/03/2017 | Buy | 900000 | 0.22 | 1598047 | 0.38 |
| | At the end of the year | 31/03/2017 | - | - | - | 1598047 | 0.38 |
| 9 | Anant Udyog Private Limited# | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | - | - | - | - |
| | Increase / Decrease in Shareholding during the year | 24/03/2017 | Buy | 1410513 | 0.34 | 1410513 | 0.34 |
| | At the end of the year | 31/03/2017 | | | | 1410513 | 0.34 |
| 10 | AVR Investment Advisors LLP# | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | - | - | - | - |
| | Increase / Decrease in Shareholding during the year | 18/11/2016 | Buy | 35000 | 0.01 | 35000 | 0.01 |
| | | 25/11/2016 | Buy | 66000 | 0.02 | 101000 | 0.02 |
| | | 16/12/2016 | Buy | 1000 | 0.00 | 102000 | 0.02 |
| | | 23/12/2016 | Sell | 68000 | 0.02 | 34000 | 0.01 |
| | | 10/03/2017 | Buy | 1200000 | 0.29 | 1234000 | 0.29 |
| | At the end of the year | 31/03/2017 | - | - | - | 1234000 | 0.29 |
| 11 | Mangal Bhanshali HUF * | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 1228900 | 0.29 | - | - |
| | Increase / Decrease in Shareholding during the year | - | - | - | - | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | 1228900 | 0.29 |
| 12 | Lahoti Financial Services Limited * | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 1200000 | 0.29 | - | - |
| | Increase / Decrease in Shareholding during the year | 10/03/2017 | Sell | 1200000 | 0.29 | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | - | - |
| 13 | Salzer Electronics Ltd * | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 1243059 | 0.30 | - | - |
| | Increase / Decrease in Shareholding during the year | 12/08/2016 | Sell | 200894 | 0.05 | 1042165 | 0.25 |
| | | 23/09/2016 | Sell | 1000000 | 0.24 | 42165 | 0.01 |
| | At the end of the year | 31/03/2017 | - | - | - | 42165 | 0.01 |
| 14 | Shyam Sel And Power Limited* | | | | | | |
| | At the beginning of the year | 01/04/2016 | - | 5023854 | 1.20 | - | - |
| | Increase / Decrease in Shareholding during the year | 15/04/2016 | Sell | 305289 | 0.07 | 4718565 | 1.13 |
| | | 22/04/2016 | Sell | 347472 | 0.08 | 4371093 | 1.04 |
| | | 29/04/2016 | Sell | 584303 | 0.14 | 3786790 | 0.91 |
| | | 06/05/2016 | Sell | 684732 | 0.16 | 3102058 | 0.74 |
| | | 13/05/2016 | Sell | 629451 | 0.15 | 2472607 | 0.59 |
| | | 20/05/2016 | Sell | 894141 | 0.21 | 1578466 | 0.38 |
| | | 27/05/2016 | Sell | 97100 | 0.02 | 1481366 | 0.35 |
| | | 03/06/2016 | Sell | 250000 | 0.06 | 1231366 | 0.29 |
| | | 17/06/2016 | Sell | 100000 | 0.02 | 1131366 | 0.27 |
| | | 30/06/2016 | Buy | 297767 | 0.07 | 1429133 | 0.34 |
| | | 08/07/2016 | Buy | 795706 | 0.19 | 2224839 | 0.53 |
| | | 15/07/2016 | Sell | 700000 | 0.17 | 1524839 | 0.36 |
| | | 09/09/2016 | Sell | 25000 | 0.01 | 1499839 | 0.36 |
| | | 16/09/2016 | Sell | 231033 | 0.06 | 1268806 | 0.30 |
| | | 23/09/2016 | Sell | 1268806 | 0.30 | - | - |
| | At the end of the year | 31/03/2017 | - | - | - | - | - |

Not included in Top Ten shareholders as on 1 April 2016. The same is reflected above since included in top ten shareholders as on 31 March 2017.

*ceased to be the top ten shareholders as on 31 March 2017. The same is reflected above since included in top ten shareholders as on 1 April 2016.

(v) Shareholding of Directors and Key Managerial Personnel

| Sl. No | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| Directors | | | | | |
| 1 | Mr. Bankey Lal Choudhary, Managing Director | | | | |
| | At the beginning of the year | 1484280 | 0.35 | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | 1484280 | 0.35 |
| 2 | Mr. Shyam Sundar Choudhary, Whole Time Director | | | | |
| | At the beginning of the year | 3234280 | 0.77 | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | 3234280 | 0.77 |
| 3 | Mr. Vijay Kumar Choudhary, Whole Time Director | | | | |
| | At the beginning of the year | 3266640 | 0.78 | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | 3266640 | 0.78 |
| 4 | Mr. Sakti Kumar Banerjee, Independent Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 5 | Mr. Santimoy Dey, Independent Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 6 | Mr. Hanuman Mal Choraria, Independent Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 7 | Mr. Hardip Singh Mann, Independent Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 8 | Mr. Krishnava Satyaki Dutt, Independent Director* | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 9 | Mr. Pavninder Singh, Nominee Director** | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 10 | Ms. Rita Bhattacharya, Nominee Director | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 11 | Mr. Santosh Kumar Agrawala, Independent Director*** | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |



| Sl. No | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| | Key Managerial Personnel | | | | |
| 1 | Mr. Anurag Choudhary, CEO | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 2 | Mr. Kamlesh Kumar Agarwal, CFO | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |
| 3 | Mr. Bajrang Lal Sharma, Company Secretary | | | | |
| | At the beginning of the year | - | - | - | - |
| | Changes during the year | - | - | - | - |
| | At the end of the year | - | - | - | - |

*Mr. Krishnavi Satyaki Dutt has resigned from the Company w.e.f 7 July 2016

**Mr. Pavninder Singh has resigned from the Company w.e.f 11 January 2017

***Mr. Santosh Kumar Agrawala has been appointed as an Additional Director to act as an Independent Director w.e.f 14 November 2016

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Amount in ₹ Lakhs Total Indebtedness |
|--|----------------------------------|-------------------|----------|---|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 79,605.18 | 6,240.08 | - | 85,845.26 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 2,870.66 | - | - | 2,870.66 |
| Total (i+ii+iii) | 82,475.84 | 6,240.08 | - | 88,715.92 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 6,996.80 | 2,840.41 | - | 9,837.21 |
| Reduction | 17,796.36 | 4,745.75 | - | 22,542.12 |
| Net Change | (10,799.56) | (1,905.34) | - | (12,704.91) |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 71,077.52 | 4,334.74 | - | 75,412.26 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 598.76 | - | - | 598.76 |
| Total (i+ii+iii) | 71,676.28 | 4,334.74 | - | 76,011.02 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole-time Directors**

Amount in ₹ Lakhs

| Sl. No | Particulars of Remuneration | Name of MD/WTD | | | Total Amount |
|--------|---|---|---|--|--------------|
| | | Bankey Lal Choudhary, Managing Director | Shyam Sundar Choudhary, Whole Time Director | Vijay Kumar Choudhary, Whole Time Director | |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 60.00 | 60.00 | 60.00 | 180.00 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.68 | 0.68 | - | 1.36 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission - as % of profit - others, specify... | - | - | - | - |
| 5 | Others, please specify | | | | |
| | Total (A) | 60.68 | 60.68 | 60.00 | 181.36 |

B. Remuneration to other Directors

Amount in ₹ Lakhs

| Sl. No | Name of the Director and its Category | Fee for attending board /committee meetings | Commission | Others, please specify | Total |
|------------------------------|---------------------------------------|---|------------|------------------------|-------------|
| Independent Directors | | | | | |
| 1 | Sakti Kumar Banerjee | 1.56 | - | - | 1.56 |
| 2 | Santimoy Dey | 1.56 | - | - | 1.56 |
| 3 | Krishnava Satyaki Dutt | - | - | - | - |
| 4 | Hardip Singh Mann | 1.00 | - | - | 1.00 |
| 5 | Hanuman Mal Choraria | 1.32 | - | - | 1.32 |
| 6 | Santosh Kumar Agrawala | 0.40 | - | - | 0.40 |
| | Total (1) | | | | 5.84 |
| Other Directors | | | | | |
| 1 | Pavninder Singh | - | - | - | - |
| 2 | Rita Bhattacharya | 0.80 | - | - | 0.80 |
| | Total (2) | | | | 0.80 |
| | Total (B) | | | | 6.64 |

TOTAL MANAGERIAL REMUNERATION (TOTAL A+B) = ₹ 188 lakhs

OVERALL CEILING AS PER THE ACT - Remuneration paid to Non-Executive Directors in the form of sitting fees for attending the Board / Committee meetings are well within the ceilings as prescribed under Section 197 of the Companies Act, 2013 read with Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**C. Remuneration to Key Managerial Personnel Other than MD/WTD**

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---------|---|--------------------------|--------------|--------------|---------------|
| | | CEO | CS | CFO | Total |
| 1 | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 73.80 | 14.94 | 35.16 | 123.90 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | Others specify... | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | 73.80 | 14.94 | 35.16 | 123.90 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences under the Companies Act 2013 for the year ended 31 March 2017.

Annexure III of the Board's Report

Details pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2016-17:

| Name | Designation | Ratio |
|----------------------------|--------------------|-----------|
| Mr. Bankey Lal Choudhary | Managing Director | 28.34 : 1 |
| Mr. Shyam Sundar Choudhary | Wholetime Director | 28.34 : 1 |
| Mr. Vijay Kumar Choudhary | Wholetime Director | 28.34 : 1 |

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2016-17:

| Name | Designation | % increase in remuneration |
|----------------------------|-------------------------|----------------------------|
| Mr. Bankey Lal Choudhary | Managing Director | - |
| Mr. Shyam Sundar Choudhary | Wholetime Director | - |
| Mr. Vijay Kumar Choudhary | Wholetime Director | - |
| Mr. Anurag Choudhary | Chief Executive Officer | - |
| Mr. Kamlesh Kumar Agarwal | Chief Financial Officer | 32% |
| Mr. Bajrang Lal Sharma | Company Secretary | 15% |

3. The percentage increase in the median remuneration of employees in the financial year 2016-17:

The percentage increase in the median remuneration of employees is 12%

4. The number of permanent employees on the rolls of the Company:

There were 722 number of permanent employees on the rolls of the Company as on 31 March 2017.

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2016-17 was 13% whereas the increase in the managerial remuneration for the same financial year was 12%.

6. Affirmation that the remuneration is as per the remuneration policy of the Company.

The remuneration paid to Directors, Key Managerial Person and other employees are as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

***Note:** The Non-Executive Directors of the Company are entitled for sitting fee as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non -Executive Directors are provided in the Report on Corporate Governance and are governed by the Remuneration Policy of the Company, as provided in the Annual Report. In view of this, the calculation of the ratio of remuneration and percentage increase in remuneration of Non-Executive Directors would not be meaningful and hence not provided.



Annexure IV of the Board's Report

Details pursuant to Rule 5(2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Names of the Top ten Employees in terms of Remuneration Drawn

| Name | Designation, Nature of Employment | Remuneration Received (₹ in lakhs) | Qualification, Experience (yrs) | Date of commencement of employment | Age (yrs) | Last employer, designation | Relative of any director of the Company |
|----------------------------|--|------------------------------------|---|------------------------------------|-----------|---|---|
| Mr. Monojit Mukherjee | Business Head-CBD, Permanent | 88.88 | PGDM (Marketing) from IIM Ahmedabad, B. Tech in Chemical, 32 | 16.04.2014 | 59 | Philips Carbon Black Limited, Executive Director (Marketing & New Projects) | Nil |
| Mr. Somesh Satnalika | VP- Strategy and Business Development, Permanent | 80.13 | PGPM (Finance), CA, 13 | 09.06.2014 | 35 | Booz & Co., Senior Associate | Nil |
| Mr. Anurag Choudhary | Chief Executive Officer, Permanent | 73.80 | B.Com, 26 | 01.04.1991 | 45 | None | Mr. Shyam Sundar Choudhary |
| Mr. Tushar Choudhary | President Operations, Permanent | 73.80 | B.Com, 18 | 01.05.1999 | 41 | None | Mr. Bankey Lal Choudhary |
| Mr. Amit Choudhary | President Projects, Permanent | 73.80 | B.Com, 18 | 01.05.1999 | 42 | None | Mr. Shyam Sundar Choudhary |
| Dr. Soumen Chakraborty | President CBD, Permanent | 47.36 | Phd (Polymer Science), M-tech, B-Tech, 40 | 26.08.2015 | 67 | Dunlop India (P) Ltd, | Nil |
| Mr. Kamlesh Kumar Agarwal | Chief Financial Officer, Permanent | 35.16 | FCA & CS, 22 | 06.09.1995 | 46 | None | Nil |
| Mr. Partha Pratim Majumdar | GM-Purchase & Stores, Permanent | 28.50 | B.E (Production) Advance Program Supply Chain Management, IIM, 19 | 01.12.2013 | 40 | MCC PTA India Corp. Pvt. Ltd, Sr. Manager-Procurement | Nil |
| Mr. Subhasis Ta | SR. GM-Engineering, Permanent | 26.45 | BE (Electronics), 24 | 21.10.2008 | 46 | Philips Carbon Black Limited, Manager-Electrical | Nil |
| Mr. Manojit Saha | VP- Sales and Marketing, Permanent | 26.40 | B. Tech (Polymer)+ Sales Tricks, 25 | 27.07.2016 | 50 | NU Bekart, SA, Belgium, Global Account Manager | Nil |

Notes:

1. Remuneration includes salary, Company's contributions to provident fund, Gratuity, superannuation, bonus, allowances, performance bonus and monetary value of perquisites.
2. None of the employees are covered under Rule 5(2)(i), 5(2)(ii) and 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Annexure V of the Board's Report

Disclosure as required under Section 62(1)(b) of the Companies, Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are appended as below:

| Sl. No | | Himadri Employee Stock Option Plan 2016 |
|--------|---|--|
| 1 | Date of Shareholder's Approval | 24 September 2016 |
| 2 | Total No of Options approved under ESOS | 4,000,000 |
| 3 | Vesting Requirements | The Options granted under ESOP 2016 would vest after one year but not later than five years from the date of grant of such option. Vesting of Options would be subject to continued employment with the Company and Options would vest on passage of time and also fulfilment of certain performance parameters. |
| 4 | Exercise price or pricing formula | ₹ 19 (Exercise Price) |
| 5 | Maximum term of options granted | 5 years |
| 6 | Source of Shares | Primary |
| 7 | Variation in terms of option | No variation |
| 8 | Method of Option Valuation | Black Scholes Merton Model |
| 9 | Option Movement during the year | - |
| | - Number of Options outstanding at the beginning of the period | - |
| | - Number of Options granted during the year | 1,304,600 on 5 January 2017 |
| | - Number of Options forfeited/lapsed during the year | - |
| | - Number of Options vested during the year | - |
| | - Number of Options exercised during the year | - |
| | - Number of Shares arising as a result of exercise of options | - |
| | - Money realized by exercise of options (Amount in ₹) | - |
| | - Loan repaid by the Trust during the year from exercise price received | - |
| | - Number of Options outstanding at the end of the year | 1,304,600 |
| | - Number of Options exercisable at the end of the year | Since vesting period will be after one year, therefore at the end of financial year no Options were exercisable. |



| | |
|----|--|
| 10 | Employee Wise details of Options granted |
|----|--|

i. Senior Management Personnel

| Name | Designation | Options Granted during the year | Exercise Price |
|---------------------------|--|---------------------------------|----------------|
| Mr. Kamlesh Kumar Agarwal | Chief Financial Officer | 111,400 | ₹ 19/- |
| Mr. Monojit Mukherjee | Business Head-CBD | 92,000 | ₹ 19/- |
| Mr. Somesh Satnalika | Vice President - Strategy and Business Development | 77,900 | ₹ 19/- |
| Mr. Santanu Chatterjee | Senior Vice President -Admin & HR | 23,900 | ₹ 19/- |
| Mr. Satish Kumar Chhabra | Vice President - Material Management | 15,000 | ₹ 19/- |
| Mr. Tapas Bhowmick | Senior Vice President & Business Head-PCE & SNF | 12,000 | ₹ 19/- |

ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and

| Name | Designation | Options Granted during the year | Exercise Price |
|------|-------------|---------------------------------|----------------|
| None | | | |

iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the Company at the time of grant

| Name | Designation | Options Granted during the year | Exercise Price |
|------|-------------|---------------------------------|----------------|
| None | | | |

Note: Other details as required under Regulation 14 of the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 forms part of the Notes to financial statements in this Annual Report.

Annexure VI of the Board's Report

Secretarial Audit Report

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Himadri Speciality Chemical Limited
(Formerly Himadri Chemicals & Industries Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Himadri Speciality Chemical Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and regulations.

Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments, Foreign Direct Investments and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by 'SEBI', to the extent applicable:
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- e) The Securities and Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- vi) Other than fiscal, labour and environmental laws, which are generally applicable to all companies, the following laws/acts are specifically applicable to the Company:
 - a) The Petroleum Act 1934 and Rules made thereunder;
 - b) The Legal Metrology Act, 2009;
 - c) The Bengal Electricity Duty Act, 1935 and rules thereunder;
 - d) The West Bengal Ground Water Resources (Management, Control and Regulation) Act, 2005;
 - e) The Indian Boiler Act, 1923;
 - f) The West Bengal Molasses Control Act, 1973 and West Bengal Molasses Control (Regulation, Storage and Transport) Notified Order 1986;
 - g) The Hazardous Waste (Management, Handling and Transboundary Movements) Rules 2008.

We have also examined compliance with the applicable clauses of the following:

- a) The Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) Provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under audit, the Company has passed the following special resolutions:

- a) to alter the existing Memorandum and Articles of Association of the Company under sections 13 & 14 of the Companies Act, 2013 by changing the name of the Company from Himadri Chemicals & Industries Limited to Himadri Speciality Chemical Limited;
- b) to create, grant Employee Stock Options not exceeding ₹ 40 Lac from time to time in one or more tranches under the Himadri Employee Stock Option Plan 2016 to the permanent employees of the Company and its subsidiaries.

This report is to be read with our letter of even date which is annexed as **Annexure-I** which forms an integral part of this report.

Date: 9 May 2017

Place: Kolkata

For **MKB & Associates**

Company Secretaries

Sd/-

Manoj Kumar Banthia

[Partner]

ACS no. 11470

COP no. 7596

FRN: P2010WB042700

Annexure- I to the Secretarial Audit Report

To
The Members,
Himadri Speciality Chemical Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MKB & Associates**

Company Secretaries

Sd/-

Manoj Kumar Banthia

[Partner]

ACS no. 11470

COP no. 7596

FRN: P2010WB042700

Date: 9 May 2017

Place: Kolkata

Annexure VII of the Board's Report

Information as per Section 134(3)(m), read with the Rule 8(3) of Companies (Accounts) Rules, 2014 for the year ended 31 March 2017:

A. Conservation of energy

i) Steps taken or impact on conservation of energy

The Company has replaced the traditional lightning system with LED lightning system to save energy. The Company has utilised Soft Black reactor soot blowing cooling steam at boiler deaerator to increase the power generation. It has installed secondary OPH in Soft Black reactor to utilize waste heat recovery by increasing combustion oil temperature for better conversion. The Company has replaced energy inefficient heavy weight all aluminium cast metal blade Plant along with heavy weight cast iron hubs of Unit-1 cooling tower of power by new generation high efficiency hollow light weight aerodynamic type FRP bladed fans with seal disc to save substantial amount of fan power.

ii) Steps taken by the Company for utilizing alternate source of energy

The Company has 20MW power generating plant based on waste heat recovery system, derived during the process of manufacturing of Carbon Black at Mahistikry, District Hooghly, W.B., and substantial amount of power has been utilized by the Company to back up the manufacturing process at its Plant and the surplus power is supplied to Grid on regular basis.

iii) The capital investment on energy conservation equipments

The Company has already made necessary expenditure on energy conservation equipments.

B. Technology absorption

i) Efforts made towards technology absorption

The Research and Development (R&D) department of the Company continued to play a vital role in the various thrust areas:

- New products development and higher value addition to existing line of products;
- Actively working on graphitised Advanced Carbon Material and Developing In-House technology for manufacturing the same;
- Constantly working on optimising the Cost of Production and improving the Quality of finished product;
- Focus on re-cycling of waste and research on the utilisation of waste on continue basis.

The Company's R&D unit(s) at Mahistikry Unit, P.S Haripal, District - Hooghly (W.B) has been accorded renewal of recognition upto 31 March 2019 by the Ministry of Science and Technology, Department of Scientific and Industrial Research, New Delhi for carrying In-House Research & Development for it's various products.

ii) The benefits derived like product improvement, cost reduction, product development, import substitution

Benefits derived as a result of the above R&D:

- Developed certain new products in its R&D Centre such as special grade carbon black from Coal Tar based raw material, special grade of carbon black for different grades of printing, carbon black for special engineering plastic master batch;

- Also developed Mesophase Pitch for anode material, developed High SP pitch for refractory applications;
- Achieved the targets of production of superior quality of different grades of carbon black with maximum flexibility of using available raw material;
- R&D wing has worked extensively and have developed technology for using various blends of different quality of Coal Tar, Coal Tar based Oil of various grades in different proportion on standalone basis and/or along with the petroleum based feed stock in various ratios;
- Improvement in the existing production process such as Implementation of Advance Failure Mode Analysis and Advance Product Quality Planning in the processes, raw material and finished goods quality, enhancement in Naphthalene yield from Coal Tar focused on lowering down of Naphthalene slippage in heavy oil;
- Successfully derived benefits on the basis of above R&D activities which have helped in achieving better efficiency in fuel consumption, better control on inputs and thereby improving the quality of the output to match with international specifications.

iii) Expenditure incurred on Research and Development

Capital expenditure as well as recurring expenditure incurred from time to time during the year on laboratory items, tools, spares, handling equipments and salaries of research personnel remain merged with various heads, as per established accounting policy and expenditures incurred during the year under review, on Research & Development are as follows :

- Capital expenditure: ₹ 94.56 lakhs;
- Revenue expenditure: ₹ 257.44 lakhs;
- Total Research & Development expenditure: ₹ 352 lakhs;
- Total R&D expenditure as a percentage of total turnover: 0.24%

C. Foreign Exchange Earnings and Outgo

Total foreign exchange used and earned during the year:

| | Amount in ₹ Lakhs | |
|--|-------------------|-----------|
| | 2016-17 | 2015-16 |
| Total foreign exchange outgo in terms of actual outflow | 52,184.53 | 32,685.91 |
| Total foreign exchange earned in terms of actual inflows | 11,220.50 | 11,880.96 |



Annexure VIII of the Board's Report

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

| | |
|--|----------------|
| (a) Name(s) of the related party and nature of relationship: | Not Applicable |
| (b) Nature of contracts/arrangements/transactions: | |
| (c) Duration of the contracts / arrangements/transactions: | |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | |
| (e) Justification for entering into such contracts or arrangements or transactions: | |
| (f) Date(s) of approval by the Board: | |
| (g) Amount paid as advances, if any: | |
| (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: | |

2. Details of material contracts or arrangement or transactions at arm's length basis:

| | |
|---|----------------|
| (a) Name(s) of the related party and nature of relationship: | Not Applicable |
| (b) Nature of contracts/arrangements/transactions: | |
| (c) Duration of the contracts / arrangements/transactions: | |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any: | |
| (e) Date(s) of approval by the Board, if any: | |
| (f) Amount paid as advances, if any: | |

Note: The above disclosures on material transactions are based on the principle that transactions with wholly owned subsidiaries are exempt for the purpose of Section 188 (1) of the Act.

Annexure IX of the Board's Report

[Pursuant to Section 135 of the Companies Act, 2013]

Annual Report on CSR Activities

1. Brief outline of the Corporate Social Responsibility (CSR) Policy of the Company

The Company adopted CSR Policy as recommended by the CSR Committee and the scopes of the Policy are given hereunder:

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive healthcare and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependent;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects;
- (xi) slum area development.

The following kinds of Expenditures were approved by the CSR Committee to be undertaken by the Company including ongoing expenditures or expenditure to be made by the Company during the financial year 2016-17 directly or made through implementing agencies :-

- a. Expenditure on promotion of education including undertaking of recurring expenditure of running a School and expenditure on distribution of Mid day meal among the poor children, situated at Village area surrounding the Company's Factory at Mahistikry;
- b. Expenditure on running a dispensary (Medical Services) within the surrounding area of Company's Plant situated at Mahistikry, including cost of medicine, free health check up facility etc;
- c. Expenditure on eradicating hunger and distribution of food, drinking water and cloth;

2. The Composition of CSR Committee

The Corporate Social Responsibility Committee ('the CSR Committee') of the Board is responsible for overseeing the execution of the Company's CSR Policy, and ensuring that the CSR objectives are met. The CSR committee comprise of the following Directors:

- i) Mr. Santimoy Dey, Independent Non-executive Director
- ii) Mr. Sakti Kumar Banerjee, Independent Non-executive Director
- iii) Mr. Shyam Sundar Choudhary, Whole Time Director

3. Financial Details

| Particulars | Amount in ₹ Lakhs |
|---|-------------------|
| Average Net Profit / (Loss) of the Company for the last three financial years | (2,186.19) |
| Prescribed CSR Expenditure (2% of the average net profits) | NIL |
| Details of CSR Expenditure during the financial year | |
| Total amount to be spent for the financial year | NIL |
| Amount spent | 14.70 |
| Amount unspent | NIL |

The Company was not required to do CSR activities considering the Negative Average Net Profit for the last three years; however, the Company has voluntarily spent a sum of ₹ 14.70 lakhs on CSR Activities, during the financial year 2016-17.



4. Manner in which the amount spent during the financial year is detailed below

| Amount in ₹ Lakhs | | | | | | | |
|-------------------|--|--|---|--|---|--|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Sl. No. | CSR Project or activity identified | Sector in which the project is covered | Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or programs wise ₹ In lakhs | Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs. (2) Overheads | Cumulative expenditure upto the reporting period | Amount spent: Direct or through implementing agency |
| 1 | Expenditure on Promotion of Education | (a) | Mahistikry, Dist-Hooghly (WB) | - | 1.96 | 1.96 | Direct |
| 2 | Expenditure on running a dispensary | (b) | Surrounding area of the District and the State in which the Company's Plant is situated | - | 5.46 | 5.46 | Direct and through implementing agencies |
| 3 | Expenditure on eradicating hunger and distribution of food, drinking water and cloth | (c) | Surrounding area of the District and the State in which the Company's Plant is situated | - | 7.28 | 7.28 | Direct and through implementing agencies |
| TOTAL | | | | - | 14.70 | 14.70 | |

* Some CSR activities has been carried out directly by the Company and some through Nanhey Lal Mohini Devi Foundation, the implementing agency.

5. Responsibility Statement

We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the projects and activities in compliance with our CSR objectivities.

For and on behalf of the Board

Sd/-
Bankey Lal Choudhary
Managing Director
 (DIN: 00173792)

Sd/-
Santimoy Dey
Chairman - CSR Committee
 (DIN: 06875452)

Place: Kolkata
 Date: 17 April 2017

Annexure X of the Board's Report

Corporate Governance Report

In accordance with Regulation 34 (3) read with Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations') the details of compliance by the Company with the norms on Corporate Governance are as under:

1. Company's philosophy on Code of Governance

Corporate governance refers to the framework, mechanisms, processes and relations by which corporations are directed and managed. Your Company is committed to the adoption of best governance practices and their adherence in true spirit at all times.

Himadri's governance practices oversee business strategies and ensure accountability, ethical behaviour, transparency and fairness to all stakeholders. Your Company puts into practice the corporate governance framework through board governance processes, internal control and audit processes. In line with the above philosophy, your Company continuously strives for excellence and focuses on enhancement of long-term stakeholder value through adoption of best governance and disclosure practices.

Corporate Governance as practiced by your Company translates into being fair and civic-minded, fulfilling its duties to the entire spectrum of stakeholders, and, most importantly, making integrity an article of faith across all its operations. We started on sound and straightforward business principles, considering the interests of our stakeholders and welfare of our employees as foundation of our long term success, in addition to unwavering adherence to its philosophy and values.

Corporate Governance and Ethics

As a Company we have always worked on the side of ethics and have shunned expediency in any form. We believe that if something is important enough to be done, it is important that we do it ethically. We supplement our traditionally held values of ethical behavior and moral conduct with explicit rules and regulations that guide our efforts in financial, propriety, customer care and business excellence.

We uphold the policy of "Leadership with trust" that has come to play a vital role in how our customers perceive us. This is important, given the climate of unparalleled public distrust of people in positions of power and authority in contemporary business and politics.

The Company conforms to the requirements of the Corporate Governance as stipulated in Part C of the Schedule V of the SEBI Listing Regulations that are implemented in a manner so as to achieve the objectives of the principles stated in the clause with respect to Rights of Shareholders, Role of Stakeholders in Corporate Governance, Disclosure and Transparency, Responsibilities of the Board and Other responsibilities prescribed under these regulations.

A Management Discussion and Analysis Report has been given as a separate Annexure forming the part of the Annual Report.

2. Board of Directors ("Board")

The Board is entrusted with the ultimate responsibility of the management, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The Board of Directors is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders.

a) Composition of the Board as on 31 March 2017

The Company has an appropriate composition of Executive, Non-Executive and Independent Non-Executive Directors. As on 31 March 2017, the Board consisted of 9 (Nine) directors, out of which 3 (Three) Directors are Executive, 1 (One) is Nominee Director i.e Woman director (non-executive) and 5 (Five) are Independent Non-Executive Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as "the Act, 2013") and Regulation 17 (1) of SEBI Listing Regulations.

The Independent Directors does not have or had any material pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year apart from receiving the sitting fees and reimbursement of expenses incurred for attending the Board/Committee meetings. All the Independent Directors satisfied the criteria/conditions of independence as laid down in Regulation 16(1) (b) of the SEBI Listing Regulations.

None of the Directors on the Board is a member of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees as specified in Regulation 26 (1) of the SEBI Listing Regulations, across all the Companies in which he/she is a Director. For assessment of these criteria, the limit under Regulation 26 (1), the membership / chairmanship of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

b) Disclosure of Relationships between Directors inter-se

| Sl No. | Name of the Director | Category | Relationship between Directors inter-se* |
|--------|----------------------------|--|--|
| 1 | Mr. Shyam Sundar Choudhary | Promoter, Executive | Brother of Mr. B. L. Choudhary and Mr. V. K. Choudhary |
| 2 | Mr. Bankey Lal Choudhary | Promoter, Managing Director | Brother of Mr. S.S. Choudhary and Mr. V. K. Choudhary |
| 3 | Mr. Vijay Kumar Choudhary | Promoter, Executive | Brother of Mr. B. L. Choudhary and Mr. S. S. Choudhary |
| 4 | Ms. Rita Bhattacharya | Nominee Director (Non-Executive) of LIC of India | NA |
| 5 | Mr. Hardip Singh Mann | Independent, Non-Executive | NA |
| 6 | Mr. Sakti Kumar Banerjee | Independent, Non-Executive | NA |
| 7 | Mr. Santimoy Dey | Independent, Non-Executive | NA |
| 8 | Mr. Hanuman Mal Choraria | Independent, Non-Executive | NA |
| 9 | Mr. Santosh Kumar Agrawala | Independent, Non-Executive | NA |

* Relative as per Section 2(77) of the Act, 2013



Mr. Krishnava Satyaki Dutt has resigned from the Company w.e.f 7 July 2016 and Mr. Pavninder Singh, has resigned from the Company w.e.f 11 January 2017, hence, their names are not included in the above table

c) Board procedure and access to information

The Board is responsible for the management of the business of the Company and meets regularly for discharging its role and functions.

The Board of the Company reviewed all information provided periodically for discussion and consideration at its meetings as provided under the Act, 2013 (including any amendment and re-enactment thereof) and SEBI Listing Regulations *inter alia* the agendas mentioned in Part A of Schedule II of SEBI Listing Regulations.

Detailed agenda is circulated to the Directors well in advance as stipulated under the Act, 2013 and Secretarial Standard - 1 ("SS-1"). All material information are incorporated in the agenda for facilitating meaningful and focused discussion at the meetings. Where it is not practicable to enclose any document to the agenda, the same is placed before the meeting. Additional item(s) on the agenda, if required are permitted to be discussed at the meeting.

Board makes timely strategic decisions, to ensure operations are in line with strategy; to ensure the integrity of financial information and the robustness of financial and other controls; to oversee the management of risk and review the effectiveness of risk management processes; and to ensure that the right people are in place and coming through. Non-executive directors are expected to provide an effective monitoring role and to provide help and advice as a sounding board for the executive directors. All this is in the long term interest of the Company and should be based on the optimum level of information, through smooth processes, by people with the right skills mix and in a constructive manner. The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of business, commerce, finance, management and law.

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. The meetings of the Board are generally convened at the Company's Corporate Office at Kolkata. In case of urgency or when the Board meeting is not practicable to be held, the matters are resolved via resolution by circulation, which is then noted by the Board in its next meeting.

Video conferencing facilities are also used to facilitate Directors travelling/residing at other locations to participate in the meetings.

The minutes of the Board Meetings are circulated in advance as per the requirement of SS-1 to all the Directors and confirmed at subsequent Meeting.

The Board also reviews the declarations made by the Managing Director / Chief Financial Officer / Unit Heads of the Company regarding compliance of all applicable laws on a quarterly basis.

The Board also periodically reviews compliance by the Company with the applicable laws/statutory requirements concerning the business and affairs of the Company.

d) Meetings of the Board of Directors

During the financial year 2016-17, the Board met 4 (Four) times, i.e. on 23 May 2016, 11 August 2016, 14 November 2016 and 13 February 2017. The maximum time in between two meetings was not more than 120 days and the required information were made available to the Board. The dates for the Board Meetings were decided well in advance and communicated to the Directors and stock exchange(s). The agenda along with the explanatory notes were sent well in advance to each Director. Further the option of attending the Board/Committee meetings through video conference was also given to all the Directors.

e) Separate Meeting of Independent Directors

Schedule IV of the Act, 2013 and the SEBI Listing Regulations mandates the Independent Directors of the Company to hold atleast one meeting in a year, without the attendance of non-independent directors and members of the management. During the financial year 2016-17, 1 (One) separate meeting of Independent Directors was held on 13 February 2017 without the presence of the non-independent directors and the members of the Management, *inter alia*, to review performance of Non-Independent Director & the Board as a whole, to review performance of the Chairman and to assess the quality, quantity and timeliness of flow of information between the management of the Company and the Board.

f) Performance Evaluation

Pursuant to the provisions of the Act, 2013 and SEBI Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, of individual Directors individually and that of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committees and Corporate Social Responsibility Committee.

A discussion was done considering the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the board and committees are carried out on the basis of criteria and questionnaires as approved before the Nomination & Remuneration Committee.

The performance evaluation of the Independent Directors was carried out by the entire Board (excluding the director being evaluated). The Directors expressed their satisfaction with the evaluation process.

Attendance of Directors at the Board Meetings of the Company held during the year ended 31 March 2017 and the last Annual General Meeting (AGM), Number of Other Directorship(s) and other Board Committee Membership(s) held as on 31 March 2017 are given hereunder.

| Sl. No. | Directors' name | No of Shares held | Category | Attendance | | Directorship in public Companies* | No. of committee position held in all Companies ¹ | |
|---------|---|-------------------|--|----------------|----------|-----------------------------------|--|-------------|
| | | | | Board Meetings | Last AGM | | As Member | As Chairman |
| 1 | Mr. Shyam Sundar Choudhary | 3234280 | Promoter Executive | 4 | Y | 4 | 1 | - |
| 2 | Mr. Bankey Lal Choudhary | 1484280 | Promoter Managing Director | 4 | Y | 6 | - | - |
| 3 | Mr. Vijay Kumar Choudhary | 3266640 | Promoter Executive | 1 | - | 5 | - | - |
| 4 | Mr. Pavninder Singh ² | - | Nominee Director (Non-Executive) of BC India Investments | - | - | - | - | - |
| 5 | Ms. Rita Bhattacharya | - | Nominee Director (Non-Executive) of LIC of India | 4 | Y | 1 | - | - |
| 6 | Mr. Hardip Singh Mann | - | Independent Non-Executive | 4 | - | 1 | - | - |
| 7 | Mr. Krishnavi Satyaki Dutt ³ | - | Independent Non-Executive | - | - | - | - | - |
| 8 | Mr. Sakti Kumar Banerjee | - | Independent Non-Executive | 4 | Y | 1 | 2 | - |
| 9 | Mr. Santimoy Dey | - | Independent Non-Executive | 4 | Y | 2 | 2 | 1 |
| 10 | Mr. Hanuman Mal Choraria | - | Independent Non-Executive | 4 | Y | 1 | 2 | 1 |
| 11 | Mr. Santosh Kumar Agrawala ⁴ | - | Independent Non-Executive | 1 | - | 1 | - | - |

*Directorship in Public Companies includes listed as well as reporting entity

¹Pursuant to Regulation 26 of the SEBI (LODR) Regulations, 2015, Memberships/Chairmanships of only Audit Committee and Stakeholder's Relationship Committee in all Public Limited Companies (including Himadri Speciality Chemical Ltd) have been considered;

²Mr. Pavninder Singh has resigned from the Company w.e.f 11 January 2017;

³Mr. Krishnavi Satyaki Dutt, has resigned from the Company w.e.f 7 July 2016;

⁴Mr. Santosh Kumar Agrawala has been appointed as an additional Director to act as an Independent Director w.e.f 14 November 2016.

g) Formal Letter of Appointment to the Independent Directors

During the financial year 2016-17, one new Independent Director was appointed at the Board Meeting held on 14 November 2016, subject to the approval of the Shareholders at the forthcoming Annual General Meeting, and in the case of existing Independent Directors who were duly appointed by the Shareholders at the Annual General Meeting held on 22 September 2015, the Company has already issued appointment letters as per provisions of Sections 149 and 152 read with Schedule IV of the Act, 2013 and rules made thereunder and Clause 49 of the erstwhile Listing

Agreement. Individual letter of appointment were issued to the Independent Directors on their appointment containing the terms and conditions of their appointment, role, duties and liabilities, evaluation process, code of conduct, etc. The specimen letter of appointment issued to the Independent Directors has been posted on the Company's website at <http://himadri.com/corporategovernance.php>

h) Familiarisation Programme for Independent Directors:

In terms of Regulation 25 of the SEBI Listing Regulations, the Company conducted a Familiarization Programme for Independent Directors to familiarize them about their



roles, rights and responsibilities in the Company, nature of the Industry in which the Company operates, business model of the Company etc. The details of the familiarisation programme are available on the website of the Company at <http://himadri.com/Familiarization%20Programme%202016-17.pdf>

i) Codes and Policies

The Board has adopted all applicable codes and policies as per the requirement of the Act, 2013, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI Listing Regulations. The requisite codes and policies are posted on the Company's website at <http://himadri.com/corporategovernance.php> and references thereof have been given elsewhere in this Annual Report.

j) Code of Conduct for all Directors and Senior Management Personnel

In terms of Regulation 17 of the SEBI Listing Regulations, there exists a Code of Conduct, laid down by the Board, for all the Board Members and Senior Management of the Company. The Board of Directors laid down a separate Code for the Non-Executive Directors of the Company. The aforesaid Codes are available on the Company's website at www.himadri.com/pdf/corporate-governance/Code-Policies/Code_of_Conduct_for_all_Director_and_Senior_Management.pdf All Directors and Senior Management Personnel ("SMPs") of the Company as on 31 March 2017, have individually affirmed compliance with the said Code in terms of Regulation 26 of the SEBI Listing Regulations. A declaration signed by the Chief Executive Officer to this effect is enclosed at the end of this report. The Code of Conduct for the Non-Executive Directors is in line with the provisions of Section 149(8) and Schedule IV of the Act, 2013 and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of the Company laid down Code of Conduct to regulate, monitor and report Insider Trading by the Company's employees and other connected persons and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to ensure timely and adequate disclosure of price sensitive information to the Stock Exchange(s) by the Company to enable the investor community to take informed investment decisions with regard to the Company's securities. The Code of Conduct to regulate, monitor and report Insider Trading has replaced the Company's earlier code on Insider Trading framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992.

k) Brief Note on the Directors seeking appointment / re-appointment at the 29th Annual General Meeting

The Company has furnished information as required by Regulation 34 (2) read with Schedule V of the SEBI Listing Regulations relating to the Directors retiring by rotation and seeking re-appointment including re-appointment of executive / Whole Time Directors upon expiry of the tenure in the Notes appended to the Notice convening the 29th Annual General Meeting. Shareholders may kindly refer the same. The names of the companies in which the Directors hold directorship and membership of committees of the Board are given separately.

Information about Directors proposed to be appointed/re-appointed as required under Reg. 36(3) of SEBI Listing Regulations is furnished in the Notice convening the ensuing Annual General Meeting.

l) Committees of Board

The Board constituted various committees as mandated under Chapter IV of the SEBI Listing Regulations to function in specific areas and to take informed decisions within delegated powers. Each Committee exercises its functions within the scope and area as defined in its constitution guidelines. These Committees are constituted in conformity of the SEBI Listing Regulations and mentioned as follows:-

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee

m) Other Board Committees

The Board, in addition to the mandatory Committees under Chapter IV of the SEBI Listing Regulations constituted various other committees namely:

- Share Transfer Committee
- Finance and Management Committee
- Corporate Social Responsibility (CSR) Committee
- Internal Complaint Committee

3. Audit Committee

a. Composition, Meetings and Attendance

The Audit Committee comprised of three (3) Non-Executive Directors, of which all three are Independent Directors. Mr. Hanuman Mal Choraria, Chairman of the Committee is an Independent and Non-Executive Director with over three decades of experience in Corporate Law, Accounting and Taxation. All the members of the Audit Committee have adequate accounting and financial knowledge and the composition of the Committee is in compliance with the requirements of Section 177 of the Act, 2013 and Regulation 18 of the SEBI Listing Regulations with the Stock Exchanges.

The Managing Directors, Statutory Auditors, Internal Auditors and Chief Financial Officer are invited to attend meetings of the Audit Committee. The Key Managerial Personnel and departmental heads are also invited from time to time to provide feedback on the observation of the Internal Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee met 4 (four) times during the year with a maximum time in between two meetings was not exceeding four months, i.e., on 23 May 2016, 11 August 2016, 14 November 2016 and 13 February 2017. The Committee reviewed the results of operation and the statement of significant related party transactions submitted by management. The composition of the Audit Committee and the details of meetings attended by each of the members are given below:

| Sl. No. | Names of members | Status | No of meetings attended |
|---------|--------------------------|-------------------------------------|-------------------------|
| 1 | Mr. Hanuman Mal Choraria | Chairman, Independent Non-Executive | 4 |
| 2 | Mr. Sakti Kumar Banerjee | Member, Independent Non-Executive | 4 |
| 3 | Mr. Santimoy Dey | Member, Independent Non-Executive | 4 |

b. Terms of reference

The present terms of reference of the Audit Committee are aligned as per the provisions of Section 177 of the Act, 2013 and include the roles as laid out in Part C of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Audit Committee in line with the Act, 2013 and the SEBI Listing Regulations is as follows:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Act, 2013;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;
 - c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Modified opinion(s) in the draft audit report;
- (v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xviii) To review the functioning of the Whistle Blower mechanism;
- (xix) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

As stipulated in Part C of Schedule II of SEBI Listing Regulations, the Audit Committee also reviews management discussion and analysis of financial performance, significant related party transactions, and Internal Audit reports relating to internal control and appointment/removal and terms of remuneration of Internal Auditor.

The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

4. Nomination and Remuneration Committee

a. Composition, Meetings and Attendance

The Nomination and Remuneration Committee of the Company has been constituted in accordance with the provisions of Section 178 of the Act, 2013 as well as in terms of Regulation 19 of the SEBI Listing Regulations comprised of requisite number of Independent Non-Executive Directors. Mr. Santimoy Dey, the Independent Non-executive Director is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The Committee met 4 (four) times during the year i.e. on 11 August 2016, 28 October 2016, 4 January 2017 and 27 January 2017 and reviewed the remuneration paid/payable to its Whole-time Directors, Key Managerial Personnel and Senior Executives. The details of meetings attended by each of the members are given below:

| Sl. No. | Names of members | Status | No of meetings attended |
|---------|--------------------------|-------------------------------------|-------------------------|
| 1 | Mr. Santimoy Dey | Chairman, Independent Non-Executive | 4 |
| 2 | Mr. Sakti Kumar Banerjee | Member, Independent Non-Executive | 4 |
| 3 | Mr. Hanuman Mal Choraria | Member, Independent Non-Executive | 4 |



b. Terms of Reference

The present terms of reference of the Nomination and Remuneration Committee is aligned as per the provisions of Section 178 of the Act, 2013 and include the roles as laid out in Part D Para (A) of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Nomination and Remuneration Committee in line with the Act, 2013 and the SEBI Listing Regulations is as follows:

- i) formulation of the criteria for determining qualifications, positive attitudes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- ii) formulation of criteria for evaluation of performance of independent directors and the Board;
- iii) devising a policy on diversity of Board of Directors;
- iv) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- v) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

c. Remuneration policy

The Board of Directors of the Company has on the recommendation of the Nomination and Remuneration Committee of the Board approved a Nomination and Remuneration Policy of the Company which, *inter alia*, covers Policy on appointment, remuneration and removal of Directors, Key Managerial Personnel and Senior Management, Policy on succession planning and Policy on Board diversity. This policy is available in the Investor Relations section of the Company's website at www.himadri.com/pdf/corporate-governance/Code-Policies/Nomination_and_Remuneration_Policy.pdf

d. Criteria for Performance Evaluation of Independent Directors

The Nomination and Remuneration Committee laid down the criteria for performance evaluation of Independent Non-Executive Directors. They are enumerated as below:

- a. Qualifications: Details of professional qualifications of the member**
- b. Experience:** Details of prior experience of the member, especially the experience relevant to the entity
- c. Knowledge and Competency.**
- d. How the person fares across different competencies as identified for effective functioning of the entity and the Board(The entity may list various competencies and mark all directors against every such competency)**
- e. Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates**
- f. Fulfilment of functions:** Whether the person understands and fulfils the functions to him/her as assigned by the Board and the law (ex. Law imposes certain obligations on independent directors)

- g. Ability to function as a team:** Whether the person is able to function as an effective team- member
- h. Initiative:** Whether the person actively takes initiative with respect to various areas
- i. Availability and attendance:** Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay.
- j. Commitment:** Whether the person is adequately committed to the Board and the entity
- k. Contribution:** Whether the person contributed effectively to the entity and in the Board meetings
- l. Integrity:** Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)
- m. Independence:** Whether person is independent from the entity and the other directors and there is no conflict of interest
- n. Independent views and judgement:** Whether the person exercises his/ her own judgement and voices opinion freely

e. Remuneration to Directors and Disclosures

i) Non-Executive Directors

The Non-Executives / Independent Directors are not being paid any remuneration by the Company, except sitting fees for attending the meetings. Further, the Company has not entered into any pecuniary relation or transaction with non-executive directors during the financial year 2016-17 save and except as provided hereunder.

Remuneration to Independent / Non-Executive Directors (Sitting fees)

| Sl. No | Name of the Directors | Amount of sitting fees paid (₹) |
|--------|----------------------------|----------------------------------|
| 1 | Mr. S.K. Banerjee | 156,000 |
| 2 | Mr. Hardip Singh Mann | 100,000 |
| 3 | Mr. Krishnava Satyaki Dutt | NIL |
| 4 | Mr. Pavninder Singh | NIL |
| 5 | Ms. Rita Bhattacharya | 80,000 |
| 6 | Mr. Santimoy Dey | 156,000 |
| 7 | Mr. Hanuman Mal Choraria | 132,000 |
| 8 | Mr. Santosh Kumar Agrawala | 40,000 |

Shareholding of Non-Executive Director(s)

As on 31 March 2017, none of the Non-executive directors were holding any shares or convertible instruments in the Company.

ii) Executive Directors

All managerial remuneration for Executive Director/ Whole-time Directors were approved by the shareholders at the Annual General Meeting and paid in accordance with Schedule V appended to the Companies Act, 2013. The Remuneration package of the Directors is given hereunder:

a) All elements of remuneration package of Individual Directors summarised under major groups, such as salary, benefits, bonuses, stock options, pension etc.:

| Components of Remuneration package | Names of Directors | | |
|------------------------------------|--------------------------|----------------------------|---------------------------|
| | Mr. Bankey Lal Choudhary | Mr. Shyam Sundar Choudhary | Mr. Vijay Kumar Choudhary |
| Salary | ₹ 500,000/- per month | ₹ 500,000/- per month | ₹ 500,000/- per month |
| Bonus | NIL | NIL | NIL |
| Perquisites | 68,000 | 68,000 | NIL |
| Stock Options | NIL | NIL | NIL |
| Pensions | NIL | NIL | NIL |

b) Details of fixed components and performance linked incentives along with the Performance Criteria:

As per the remuneration approved by the shareholders, apart from the salary, no performance linked incentive is paid to any of the Director.

c) Service Contract, Notice Period and severance fees**:

| Sl. No. | Name of the Director | Service Contract Period | Remarks |
|---------|--|-------------------------|--|
| 1 | Mr. Bankey Lal Choudhary - Managing Director | 3 years | Present tenure valid till 31 March 2019 |
| 2 | Mr. Shyam Sundar Choudhary - Whole Time Director | 5 years | Present tenure valid till 31 March 2020 |
| 3 | Mr. Vijay Kumar Choudhary - Whole Time Director | 5 years | Present tenure valid till 31 March 2017* |

*There is an agenda at the ensuing Annual General Meeting for re-appointment of Mr. Vijay Kumar Choudhary on the same terms & remuneration

** There are no notice period and severance fees.

d) Stock options, details, if any and whether issued at discount as well as the period over which accrued and over which exercisable:

The Company has not issued any stock options to its Directors.

f. Criteria of making payments to Non-Executive Directors

The criteria for making payments to Non-Executive Directors is placed on the website of the Company at

www.himadri.com/pdf/corporate-governance/Criteria_of_making_payment_to_Non_Executive_Directors.pdf

5. Stakeholders' Relationship Committee

a) Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprise of 3 (Three) members. The Committee comprises of Mr. Santimoy Dey, as the Chairman, Mr. S.S. Choudhary and Mr. S.K. Banerjee as its members.

The Committee reviewed the status of Investors' Complaints periodically relating to transfer and transmission of shares, non-receipt of dividend, among others.

During the year, the Committee met 5 (five) times i.e. on 15 April 2016, 15 July 2016, 31 October 2016, 2 January 2017 and 27 February 2017. The details of meetings attended by each of the members are given below:

| Sl. No. | Names of members | Status | No of meetings attended |
|---------|----------------------------|-------------------------------------|-------------------------|
| 1 | Mr. Santimoy Dey | Chairman, Independent Non-Executive | 5 |
| 2 | Mr. Sakti Kumar Banerjee | Member, Independent Non-Executive | 5 |
| 3 | Mr. Shyam Sundar Choudhary | Member, Executive Director | 5 |

b) Terms of Reference

- To review the issue of Duplicate Shares.
- To review the Status of Unpaid Dividend.
- To review the pending Investors Complaint.
- To review the Reconciliation of Share Capital Audit report.
- To review the periodical Compliance with Stock Exchange(s).
- To monitor expeditious redressal Investor's Grievances.
- All other matters relating to Shares.



c) Name and Designation of Compliance Officer

Mr. Bajrang Lal Sharma, Company Secretary has been designated as Compliance Officer in terms of Regulation 6(1) (a) of the SEBI Listing Regulations with stock exchange(s). Mr. Kamlesh Kumar Agarwal, Chief Financial Officer of the Company has been authorised under Regulation under 30(5) of the SEBI Listing Regulations for the purpose of determining materiality of an event or information for the purpose of making disclosures to stock exchanges. The shareholders may send their complaints directly to the Company Secretary, Himadri Speciality Chemical Ltd, 23A, Netaji Subhas Road, 8th Floor, Suite No 15, Kolkata - 700 001 or may email at: investors@himadri.com Those members who desire to contact over telephone may do so at 91- 033- 2230 9953 / 4363.

d) Status of Investors' Grievances

There were 4 complaints pending at the beginning of the year. During the financial year 2016-17, total 316 complaints were received from investors, and 315 complaints were resolved and the remaining 5 complaints were also resolved subsequently in the month of April 2017.

The Company regularly updates the status of Investors Complaints on "SCORES", an online portal introduced by SEBI for resolving Investors complaints. There is no complaint pending on this portal.

6. Share Transfer Committee

The Share Transfer Committee comprises of Mr. S. S. Choudhary, as the Chairman, and Mr. B. L. Choudhary as its members. The Committee approves transfer of shares, consolidation /sub-division of shares/ re-materialization and other related matters.

In accordance with Regulation 40 read with Schedule VII of the SEBI Listing Regulations, and in order to expedite the process of share transfer and the redressal of investors' grievances, the Board has delegated its powers with the Company Secretary of the Company, who periodically visits the office of the Company's Registrar and Share Transfer Agent M/s S. K. Infosolutions Pvt. Ltd and monitors the activities.

The Committee holds periodical meetings for transfer and transmission of shares and co-ordinates with Company's Registrar & Share Transfer Agent. During the financial year 2016-17, the Committee met 15 (fifteen) times.

The Company confirms that there were no share transfers lying pending as on 31 March 2017 and all request for dematerialization and re-materialization of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

7. Finance and Management Committee

The Finance and Management Committee comprises of Mr. S. S. Choudhary and Mr. B. L. Choudhary as its members. During the financial year 2016-17, the Committee met 33 (thirty three) times.

Terms of Reference

The terms of reference of Finance and Management Committee include the following:

- Giving authority to Employees for representing the Company at various Court of Law
- To Sign and execute documents, letters on behalf of the Company in compliance with the various rules and regulations made under the various enactments
- To sign and execute documents, letters, agreements on behalf of the Company other matters incidental to then business of the Company in ordinary course of business
- Borrow moneys (otherwise than issue of debentures) from time to time for its' projects expansion and working capital and providing security;
- Execution of documents with banks and financial institutions;
- Opening of banking accounts with banks;
- Investing the funds of the Company
- Making loans in ordinary course of business;
- All other day-to-day operations of the Company.

8. Corporate Social Responsibility (CSR) Committee

The Company in terms of Section 135(1) of the Act, 2013 has constituted Corporate Social Responsibility Committee Consisting following Directors as members:

- Mr. Shyam Sundar Choudhary, (Whole Time Director)
- Mr. Santimoy Dey (Independent Director)
- Mr. Sakti Kumar Banerjee (Independent Director)

Terms of Reference

The terms of reference of Corporate Social Responsibility include the following:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act, 2013;
- To recommend the amount of expenditure to be incurred on the activities referred above and
- To monitor the Corporate Social Responsibility Committee from time to time.

During the financial year 2016-17, the Committee met 1 (One) time.

9. Internal Complaint Committee

The Company has an Internal Complaint Committee constituted in terms of section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which was re-constituted from time to time.

Terms of Reference

The terms of reference of Internal Complaint Committee include the following:

- i) The Committee shall act in accordance with the provisions of the Act and Rules (including any statutory modifications, alteration or re-enactment thereon for the time being in force) made there under including the service rules, if any made applicable on the employee of the Company;
- ii) The Committee shall follow the service rules while dealing with the complaints in case the complaints is against the employee of the Company and deal with the matter keeping in view the principal of natural justice;
- iii) The Committee shall maintain all records relating to Complaints received and their redressal;
- iv) The Committee shall hold such meetings as may be required from time to time for redressal of the Complaints made under the provisions of the Act.
- v) The Committee shall ensure to maintain high degree of confidentiality with regards to the aggrieved person as well as the respondent;
- vi) The Committee shall organise such number workshops or awareness programme from time to time for educating the employees of the Company in this regard;
- vii) The Committee shall prepare an Annual Report ending 31 December each year in terms of Section 21 of the Act read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 containing the following details:
- Number of complaints of sexual harassment received in the year;
 - Number of complaints disposed off during the year;
 - Number of cases pending for more than ninety days;
 - Number of workshops or awareness programme against sexual harassment carried out;
 - Nature of action taken by the employer or District Officer

The Committee has submitted the Annual Report to the Employer and to the Board in terms of Section 21 of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no complaint received by the Committee during the financial year 2016-17.

10. General Body meetings

i) Details of location, time and date of the last three Annual General Meetings are given below:

| Financial Year | Number of the AGM | Date | Venue | Time |
|----------------|----------------------|-------------------|--|----------|
| 2013-14 | 26 th AGM | 24 September 2014 | "Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017 | 10.00 am |
| 2014-15 | 27 th AGM | 22 September 2015 | "Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017 | 10.00 am |
| 2015-16 | 28 th AGM | 24 September 2016 | "Bharatiya Bhasha Parishad" 36A, Shakespeare Sarani, Kolkata - 700 017 | 10.00 am |

ii) Details of Special Resolution(s) passed during the last three years in Annual General Meetings.

| | | |
|--|----|---|
| 26 th AGM held on 24 September 2014 | 1. | Holding and continuing to hold office or place of profit by Mr. Anurag Choudhary as Chief Executive Officer of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014; |
| | 2. | Holding and continuing to hold office or place of profit by Mr. Tushar Choudhary as President - Operations of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014; |



| | | |
|--|----|--|
| 26 th AGM held on 24 September 2014 | 3. | Holding and continuing to hold office or place of profit by Mr. Amit Choudhary as President - Projects of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014; |
| | 4. | Consent of the Shareholder u/s 180(1)(a) of the Act, 2013 accorded to the Board for mortgaging, hypothecating, creation of charge etc on all or any of the Company's assets and properties for securing loans taken, upto an aggregate amount not exceeding ₹ 5000 Crores; |
| | 5. | Consent of the Shareholder u/s 180(1)(c) of the Act, 2013 accorded to the Board for borrowing from time to time, both in Indian and foreign currencies, in various forms of lending, any sum or sums of monies as it may deem proper, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, if any, (apart from temporary loans obtained in ordinary course of business) may exceed at any time, the aggregate of the paid up capital and free reserves, provided that the total amount to be borrowed by the Board together with monies already borrowed shall not exceed ₹ 5000 Crores; |
| | 6. | Alteration of Articles of Association of the Company in terms of Section 14 of the Act, 2013 |
| | 7. | Consent of the Shareholder in terms of Section 188 of the Act, 2013 to the Board for entering into transaction, contracts or arrangements with the related parties (Subsidiaries): <ul style="list-style-type: none"> - For AAT Global Ltd and /or Shandong Dawn Himadri Chemical Industry Limited upto ₹ 500 Crores - For Equal Commodeal Private Limited upto ₹ 200 Crores |
| 27 th AGM held on 22 September 2015 | 1. | Re-appointment of Mr. Bankey Lal Choudhary (DIN: 00173792), as Managing Director of the Company for a further period of 3 (Three) years with effect from 1 April 2016 |
| | 2. | Re-appointment of Mr. Shyam Sundar Choudhary (DIN: 00173732), as Whole Time Director of the Company for a further period of 5 (five) years with effect from 1 April 2015; |
| 28 th AGM held on 24 September 2016 | 1. | Approval of Himadri Employee Stock Option Plan 2016 and Grant of Employee Stock Options to the employees of the Company thereunder; |
| | 2. | Approval of Grant of Employee Stock Options to the employees of Subsidiary Companies of the Company under Himadri Employee Stock Option Plan 2016; |

iii) Details of Resolution passed through Postal Ballot.

During the year ended 31 March 2017, the Company has passed the following Special Business through Postal Ballot (including e-voting), conducted in accordance with the provisions of Sections 108 and 110 and other applicable provisions of the Act read together with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard 2 on General Meetings and the SEBI Listing Regulations:

Special Resolution: Change of name of the Company.

Notice of Postal Ballot were sent through permitted modes (email, speed post and courier) to all the members of the Company along with Postal Ballot Form and postage pre-paid self-addressed envelopes (in case of physical dispatches). The said dispatch was completed on 12 June 2016.

Mr. Bankey Lal Choudhary, Managing Director and Mr. Bajrang Lal Sharma, Company Secretary of the Company, were authorised by the Board and were responsible for conducting the entire postal ballot and e-voting process under the provisions of the Act read together with the rules made thereunder and in terms of the Listing Regulations.

The Board had appointed Mr. Arun Kumar Khandelia, Company Secretary in Practice as the Scrutinizer, for scrutinizing the Postal Ballot process in a fair and transparent manner. On the basis of the Report of the Scrutinizer, Mr. B. L. Choudhary, Managing Director, declared the results of the Postal Ballot on 15 July 2016. The details of the Voting are as follows:

| Particulars | No of Votes | | | | | | Percentage (%) |
|-----------------|-------------|-----------|--------------------|--------|-------|-----------|----------------|
| | E Voting | | Postal Ballot Form | | Total | | |
| | No. | Votes | No. | Votes | No. | Votes | |
| Assent | 69 | 205622733 | 124 | 981921 | 193 | 206604654 | 99.99 |
| Dissent | 4 | 2243 | 3 | 3500 | 7 | 5743 | 0.01 |
| Total | 73 | 205624976 | 127 | 985421 | 200 | 206610397 | 100.00 |
| Abstain/Invalid | - | - | 65 | 130861 | 65 | 130861 | - |

On the basis of the above results, the Resolution was deemed to be passed with requisite majority on 14 July 2016 (i.e. last date for receipt of Postal Ballot Forms) as per Clause 16.6.3 of Secretarial Standard- 2.

- iv) **No Special Resolution at present is proposed to be passed through Postal Ballot. Therefore, the procedure for Postal Ballot is not applicable.**

11. Means of Communication

- a. **Quarterly/Annual Financial Results:** The unaudited quarterly financial results are announced within 45 days from the end of each quarter and the audited annual results are announced within 60 days from the end of the last quarter. These financial results, after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchanges where the shares of the Company are listed. Any news, updates, or vital/useful information to shareholders are being intimated to Stock Exchange(s) and are being displayed on the Company's website: www.himadri.com
- b. **Newspapers:** During the financial year 2016-17, financial results (Quarterly & Annual) were published in newspapers viz. The Financial Express, Economic Times, Business Standard in English (all editions), Jansatta (Hindi) and Arthik Lipi/ Ei Samay (Vernacular) in the format prescribed under Annexure XI of the SEBI Listing Regulations with the Stock Exchanges where the shares of the Company are listed.
- c. **Website:** The financial results are also posted on the Company's Website at www.himadri.com. The Company's website provides information about its business and the section on "Investor Relations" serves to inform and service the Shareholders allowing them to access information at their convenience.
- d. **Annual Report:** Annual Report is circulated to all the members within the required time frame, physically through post and via e-mail, wherever the e-mail ID is available in accordance with the "Green Initiative Circular" issued by MCA. The shareholders have been provided e-voting option for the resolutions passed at the general meeting to vote as per their convenience.
- e. **E-mail ID of the Registrar & Share Transfer Agent:** All the share related requests/queries/ correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agent of the Company, M/s S. K. Infosolutions Pvt. Ltd 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006 and/ or e-mail them to skcdilip@gmail.com
- f. **Designated E-mail ID for Complaints/ Redressal:** In compliance with Regulation 46(2) of SEBI Listing

Regulations entered into with the Stock Exchange(s), the Company has designated an e-mail ID investors@himadri.com exclusively for the purpose of registering complaints/ grievances by investors. Investors whose requests/ queries/correspondence remain unresolved can send their complaints/ grievances to the above referred e-mail ID and the same would be attended to promptly by the Company.

- g. **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for Corporates. Any Corporate Action, *inter alia*, the Shareholding Pattern, Corporate Governance Report, Financial Results, disclosures with respect to Board Meeting or any other Corporate Action Announcements are filed electronically on NEAPS.
- h. **BSE Corporate Compliance & Listing Centre:** The Listing Centre is a web-based application designed by BSE for Corporates. Any Corporate Action, *inter alia*, the Shareholding Pattern, Corporate Governance Report, Financial Results, and other intimations are filed electronically on BSE's Listing Centre.
- i. **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redressal system through SCORES. The Action Taken Reports are uploaded online by the Company for any complaints received on SCORES platform, thereby making it convenient for the investors to view their status online.
- j. **News releases/Investor Updates and Investor presentations:** The Company usually uploads a general presentation, press release, earning release periodically about the Company and its business on the website for the benefit of all the stakeholders. However, during the year the Company has not made any specific presentation to any Institutional Investor.

12. General Shareholder Information

Annual General Meeting (AGM) and Book Closure Dates

The day, Date, Time and Venue of the 29th Annual General Meeting and Book Closure Dates in relation thereto have been indicated in the Notice Convening the AGM, which forms part of the Annual report.



Financial Year

The financial year of the Company is from 1st April to 31st March every year.

Tentative Schedule for the Meetings for the financial year 2017-18

| Financial Year | 2017-18 |
|--|---|
| Board meetings for approval of quarterly results | |
| - Quarter ended 30 June 2017 | Within 2 nd Week of August 2017 |
| - Quarter ended 30 September 2017 | Within 2 nd week of November 2017 |
| - Quarter ended 31 December 2017 | Within 2 nd week of February 2018 |
| - Audited Financial Results for the year ended 31 March 2018 | Within 60 days from the end of the financial year |
| Annual General Meeting for the financial year 2017-18 | In accordance with Section 96 of the Act, 2013 |
| Posting of Annual Report | 21 (clear) days before the meeting |
| Posting of Dividend Warrants | Within 30days from the date of AGM |
| Receipt of Proxy Forms | Atleast 48hrs before the meeting |

Dividend payment date

The Company will remit the dividend within a period of 30days from the date of declaration and the required funds will be transferred to the Dividend Account within 5 days from the date of the Annual General Meeting.

Listing of Securities on stock exchange(s)

Equity Shares: The Company's shares are presently listed on the following stock exchange(s):

| Sl. No. | Stock exchange | Listing code |
|---------|---|--------------|
| 1 | BSE Limited P. J. Towers, Dalal Street, Fort Mumbai- 400 001 | 500184 |
| 2 | National Stock Exchange of India Ltd "Exchange Plaza" Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 | HSCL |

The Company has remitted the listing fee to the Stock Exchanges.

Non-Convertible Debentures: The Non-Convertible Debentures (NCDs) issued by the Company on private placement basis aggregating to ₹ 250 Crores are listed at BSE Limited. The details are given hereunder

| Sl. No. | Details of NCD | Stock Exchange | Listing Code | ISIN Number |
|---------|--|----------------|--------------|--------------|
| 1 | 9.60% Secured, Redeemable Non-Convertible Debentures of ₹ 10,00,000/- each aggregating to ₹ 100 Crores issued on Private placement basis to ICICI Bank Limited | BSE Limited | 946770 | INE019C07015 |
| 2 | 10.00 % Secured, Redeemable Non-Convertible Debentures of ₹ 400/- each aggregating to ₹ 100 Crores issued on Private placement basis to LIC of India | BSE Limited | 946887 | INE019C07023 |
| 3 | 12.50% Secured, Redeemable Non-Convertible Debentures of ₹ 10,00,00/- each aggregating to ₹ 50 Crores issued on Private placement basis to LIC of India | BSE Limited | 949610 | INE019C07031 |

The Company has been regular in making payment of interest on these debentures. The Company has remitted the listing fee to the Stock Exchange(s).

Market price data

Monthly high / low market price of the shares during the financial year 2016-17 at the BSE Limited and at National Stock Exchange of India Ltd were as under: -

| Month | BSE | | NSE | |
|--------|-------------|-------|-------------|-------|
| | Amount in ₹ | | Amount in ₹ | |
| | High | Low | High | Low |
| Apr-16 | 19.55 | 15.20 | 19.50 | 15.35 |
| May-16 | 21.50 | 17.70 | 21.45 | 17.60 |
| Jun-16 | 34.90 | 19.40 | 34.45 | 19.20 |
| Jul-16 | 38.00 | 31.50 | 38.00 | 31.55 |
| Aug-16 | 41.40 | 32.00 | 41.40 | 31.80 |
| Sep-16 | 41.90 | 32.85 | 41.80 | 32.80 |
| Oct-16 | 47.80 | 40.00 | 47.80 | 39.80 |
| Nov-16 | 47.60 | 32.80 | 47.70 | 32.65 |
| Dec-16 | 37.85 | 32.70 | 37.90 | 32.85 |
| Jan-17 | 44.20 | 33.35 | 44.15 | 33.25 |
| Feb-17 | 49.40 | 40.40 | 48.95 | 40.25 |
| Mar-17 | 45.45 | 42.05 | 45.25 | 42.25 |

Stock Performance in comparison to broad-based indices

| Financial Year | BSE SENSEX | | NSE CNX NIFTY | |
|----------------|-------------------------------|------------------|-------------------------------|-----------------|
| | Change in Himadri Share Price | Change in SENSEX | Change in Himadri Share Price | Change in Nifty |
| 2016-17 | +177.67% | +16.88% | +177.78% | +18.55% |

Registrar and Share Transfer Agent

The Company has engaged the services of M/s S. K. Infosolutions Pvt. Ltd of 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, a SEBI registered Registrar as its Share Transfer Agent for processing the transfer, subdivisions, consolidation, splitting of securities among others. Since the shares are compulsorily required to be traded in dematerialized form, shareholders are requested to get their physical shareholdings converted into DEMAT form through their depository.

All the queries related with shares may be forwarded directly to the Company's Registrar. The Company has made necessary arrangements with Depositories viz NSDL/CDSL for dematerialization of shares. M/s S. K. Infosolutions Pvt. Ltd was appointed as common agency to act as transfer agent for both physical and demat shares.

Shareholders are requested to surrender the old share certificates having Face Value of ₹ 10/- each to the Registrar and Share Transfer Agent for cancellation and exchange of new certificates of face Value of ₹ 1/- each pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28 September 2010, for which the Record Date was fixed on 9 November 2010.

Share Transfer System

The Company ensures that all transfers are duly affected within the prescribed period. The Board has constituted a Share Transfer Committee for approval of the transfers, which meets on regular intervals. Share Transfer, Duplicate issue of shares and all other investors' related activities are attended and processed at the office of the Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, Kolkata.

Pursuant to Regulation 40(9) of the SEBI Listing Regulations, certificate on half-yearly basis is filed with the stock exchange(s) for due compliance of share transfer formalities by the Company.

Nomination facilities

Section 72 of the Act, 2013 read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, provides for the facility of nomination to shares and debentures. This facility is mainly useful in case of those holders who hold their shares in single name. Investors are advised to avail of this facility, especially those holding shares in single name to avoid any complication in the process of transmission, in case of death of the holders.

In case the shares are held in physical mode, the nomination form may be obtained from the Registrar & Share Transfer Agent. In case of shares held in Demat form, such nomination is to be conveyed to the DP as per the formats prescribed by them.

Dividend remittance

Dividend on equity shares as recommended by the Board for the year ended 31 March 2017, when declared at the ensuing annual general meeting will be paid:

- i) in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement (s) furnished by the Depositories as on the close of the market day prior to start of book closure and
- ii) in respect of shares held in physical form, to those Shareholders whose names appear on the Company's register of members after giving effect to all valid share transfers in physical form lodged with the Company before the start of date of book closure.

Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank for an initial period of three months. The members are therefore advised to encash dividend warrants within the initial validity period of three months. After expiry of initial validity period, bank draft will be issued against cancellation of warrants upon request of the shareholders, if any.

Electronic Clearing Service - ECS

Members desirous of receiving dividend by direct electronic deposits of dividend vide ECS in their account may authorise the Company with their mandate. Members are requested to provide necessary details of their bank account to Company's Registrar and Share Transfer Agent, M/s S. K Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, Ph No: 91-033- 22196797/ 4815.

Bank details in case of physical Shareholdings

With a view to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not provided earlier, their bank account number, bank account type, names and address of bank branches, with their folio number to Company's Registrar and Share Transfer Agent, M/s S. K Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, to enable them to print the same on dividend warrants. This is a mandatory requirement in terms of SEBI circular No. D&CC/ FITTC / CIR-04/ 2001 dated 13 November 2001.

Unclaimed / Unpaid Dividend

The amount of unclaimed dividend are lying credit in separate bank accounts. Members may please note that pursuant to Section 205C of the Companies Act, 1956 the amount lying in credit of any unpaid dividend account if remained un-claimed for 7 years from the date they became due for payment shall be transferred to the Investor Education and Protection Fund. As on 31 March 2017, the following amounts are unclaimed and lying credit in separate bank accounts with various banks.



| Financial Year | Date of declaration | Amount Unpaid/ unclaimed as on 31.03.2017 | Due date for transfer to Investor Education and Protection Fund | Banker's name in which the unpaid amount is lying |
|----------------|---------------------|---|---|---|
| 2009-10 | 28 September 2010 | 493,898.00 | 3 November 2017 | State Bank of India |
| 2010-11 | 28 September 2011 | 487,233.10 | 3 November 2018 | State Bank of India |
| 2011-12 | 29 September 2012 | 513,458.20 | 4 November 2019 | State Bank of India |
| 2012-13 | 23 September 2013 | 546,293.70 | 29 October 2020 | State Bank of India |
| 2013-14 | 24 September 2014 | 531,518.60 | 30 October 2021 | State Bank of India |
| 2015-16 | 24 September 2016 | 339,797.80 | 30 October 2023 | State Bank of India |

Therefore, members who have so far not encashed their dividend warrants or have not received the dividend warrants may write to the Company or its' Share Transfer Agents for issue of duplicate dividend warrants / drafts.

Distribution of Shareholding and Shareholding Pattern as on 31 March 2017

Distribution of Shareholding as on 31 March 2017

| No. of shares | No. of Shareholders | % of total number of shareholders | Number of shares held | % of the total number of shares |
|------------------|---------------------|-----------------------------------|-----------------------|---------------------------------|
| Up to 500 | 10324 | 45.35 | 20,82,220 | 0.50 |
| 501 - 1000 | 6199 | 27.23 | 58,82,423 | 1.41 |
| 1001 - 2000 | 2882 | 12.66 | 50,91,419 | 1.22 |
| 2001 - 3000 | 1158 | 5.09 | 29,69,900 | 0.71 |
| 3001 - 4000 | 366 | 1.61 | 13,92,804 | 0.33 |
| 4001 - 5000 | 510 | 2.24 | 24,83,814 | 0.59 |
| 5001 - 10000 | 568 | 2.50 | 45,41,394 | 1.09 |
| 10001 - 50000 | 540 | 2.37 | 1,23,93,519 | 2.96 |
| 50001 - 100000 | 96 | 0.42 | 70,45,261 | 1.68 |
| 100000 and above | 121 | 0.53 | 37,45,25,113 | 89.51 |
| Total | 22764 | 100.00 | 41,84,07,867 | 100.00 |

Shareholding pattern as on 31 March 2017

| | Category of shareholders | Number of shareholders | Number of shares | % of holding |
|------------|--------------------------|------------------------|---------------------|---------------|
| (A) | Promoter Group | | | |
| (a) | Directors & relatives | 8 | 1,27,28,600 | 3.04 |
| (b) | Bodies corporate | 4 | 19,20,86,607 | 45.91 |
| | Sub- total (A) | 12 | 20,48,15,207 | 48.95 |
| (B) | Non-promoters | | | |
| (a) | Mutual funds / UTI | 1 | 3,000 | 0.00 |
| (b) | Financial institutions | 2 | 3,03,739 | 0.07 |
| (c) | Foreign Company | 1 | 10,31,78,860 | 24.66 |
| (d) | Bodies corporate | 535 | 3,67,32,682 | 8.78 |
| (e) | Individuals | 22,037 | 7,23,22,816 | 17.29 |
| (f) | NRI(s) | 171 | 9,60,375 | 0.23 |
| (g) | Nationalised Bank | 5 | 91,188 | 0.02 |
| | Sub Total (B) | 22752 | 21,35,92,660 | 51.05 |
| | Total (A) + (B) | 22764 | 41,84,07,867 | 100.00 |

Dematerialization of shares and liquidity

The shares of the Company are under compulsory demat list of SEBI and it has joined as a member of the Depository services with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as an Issuer Company for dematerialization of its' shares. Shareholders can get their shares dematerialized with either NSDL or CDSL.

Pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28th September 2010, each equity shares of face value of ₹ 10/- each has been sub-divided into ten equity shares of Re 1/- each and the depositories allotted the following new ISIN number to the Company:

| | |
|----------------------|----------------------|
| NSDL - INE 019C01026 | CDSL - INE 019C01026 |
|----------------------|----------------------|

As on 31 March 2017, out of the 41,84,07,867 equity shares of the Company 41,04,12,612 shares were held in Electronic form representing 98.09 % to the total paid up share capital, whereas balance of 79,95,255 shares were held in physical form representing 1.91% to the total paid up share capital of the Company.

Foreign Exchange Risk and Hedging activities

In terms of the SEBI Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Disclosures relating to risks including commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report.

Locations of Plants

| Sr. No. | Location of Plant |
|---------|--|
| 1 | Liluah Unit (Howrah), 58, N.S. Road, Liluah, Howrah - 711 204 (W. B.) |
| 2 | Liluah Unit (Howrah), 27-B, Gadadhar Bhatt Road, Liluah, Howrah- 711 204 (W.B.) |
| 3 | Mahistikry, P.S.- Haripal, District- Hooghly (W.B.) |
| 4 | Visakhapatnam Unit, Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN- 530 013 (A. P.) |
| 5 | Korba Unit-Vill- Jhagrah, Rajgamar Colliery, Korba- 495683 (Chhattisgarh) |
| 6 | Vapi Unit-G.I.D.C., Phase I, Vapi, Gujarat |
| 7 | Sambalpur Unit -Kenghati. P.O Jayantpur, Sambalpur -768112 |
| 8 | Wind Mills Division: a. Vill- Amkhel: Taluka- Sakri, District- Dhule, Maharashtra b. Vill- Titane, Taluka- Sakri, District- Dhule, Maharashtra |
| 9 | Falta (SEZ unit) J.L. No 1, Dag No: 49,50,51, Sector- II, Vill- Simulberia, P.O.- Falta, Dist- 24 Pgs (South) West Bengal -743504 |
| 10 | China Unit, Longkou, Shandong, China. |

Address for correspondence

All communication may be sent to Mr. Bajrang Lal Sharma, Company Secretary and Compliance Officer at the following address:

Himadri Speciality Chemical Ltd
23A, Netaji Subhas Road, 8th Floor, Suite no 15
Kolkata - 700 001
Phone number: (033) 2230 9953/ 2230 4363
Fax No 91-33-2230-9051,
e-mail: investors@himadri.com

All shares related queries may be sent to the Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006. Ph No: 91-033- 22196797/ 4815.

13. Subsidiary Companies

The Company has an unlisted non-material wholly owned Indian subsidiary Company, Equal Commodeal Private Limited ('ECPL'). The Company also has further two subsidiary Company 1) AAT Global Limited in Hongkong in which the Company holds 100% equity through its wholly owned Indian Subsidiary, 2) Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

The Board of Directors of the Company regularly reviews the minutes of the Board Meetings, financial statements, in particular investments made and significant transactions and arrangements (if any) entered into by the unlisted subsidiary companies. The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted Subsidiary Company. The Company has duly formulated a policy for determining 'material' subsidiaries. The main objective of the policy is to ensure governance of material subsidiary companies.

The web link for Policy for determining Material Subsidiaries is placed on the website of the Company is www.himadri.com/pdf/corporate-governance/Code-Policies/Policy_for_determining_Material_Subsiary.pdf

14. Other Disclosures

- i. **Materially significant related party transactions (i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc.) that may have potential conflict with the interests of the Company at large;**

The Company has not entered into any materially significant related party transaction during the year with any of the related parties which may have potential conflict with the interest of the Company.

The related party transactions constitute contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. The Audit Committee reviews periodically the significant related party transactions and the Committee provided omnibus approval for related party transaction which are in ordinary course of business (repetitive in nature) and are on Arm's Length basis. All transactions covered under the related party transactions are regularly ratified and / or approved by the Board. There were no material transactions during the financial year 2016-17 that were prejudicial to the Company's interest.

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management and their subsidiaries or relatives that may have potential conflict with Company's interest at a large.

Related party transactions as per requirements of Indian Accounting Standard (Ind AS 24) "Related Party



Disclosures" are disclosed in the Notes to the Financial Statements of the Company for the year ended 31 March 2017.

ii. Reconciliation of Share Capital Audit Report;

A qualified Practising Company Secretary has carried out exercise of Reconciliation of Share Capital to the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital as on the close of the financial year 2016-17. The Reconciliation of Share Capital confirms that the total issued / paid up capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

iii. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years;

The Company has complied with the requirements of the stock exchange(s)/ SEBI and statutory authorities on all matters related to capital markets. There were no instances of non-compliance on any matter relating to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the stock exchange(s), SEBI or any statutory authority in any matter related to capital markets.

iv. Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee;

The Company has adopted a Vigil Mechanism and Whistle Blower Policy and the same is uploaded on the website of the Company. Mr. Bajrang Lal Sharma, Company Secretary is appointed as Vigilance Officer by the Board for this purpose. The whistle blowers may also lodge their complaints/concern with the Chairman of the Audit Committee, whose contact details are provided in the Whistle Blower Policy of the Company. The Policy also offers appropriate protection to the whistle blowers from victimization, harassment or disciplinary proceedings.

v. Mandatory and non-mandatory requirements;

The Company has complied with the mandatory requirements and has adopted a few non-mandatory requirements as specified under Regulations of SEBI Listing Regulations, which are reviewed by the management from time to time.

vi. Details of compliance with non mandatory (discretionary) requirements;

The Company has complied with the following non mandatory (discretionary) requirements as specified in Part E of Schedule II of SEBI Listing Regulations:

a. Shareholders' Rights

The Company's financial results are published in the newspapers and also posted on its own website (www.himadri.com). Hence, the Financial Results deemed to be sent to the shareholders. However, the Company furnishes the financial results on receipt of request from the shareholders.

The Company had sent Annual Reports for 2016 together with Notice of the Annual General Meeting in electronic mode to those shareholders whose e-mail address were registered with the Company's RTA or the Depositories for this purpose. For other shareholders, who had not registered their email ids, the complete Annual Report for 2016 in physical form was sent at their registered address.

b. Audit Qualification

The Company, at present, does not have any audit qualification pertaining to the financial statements.

c. Reporting of Internal Auditor

The Company's Internal Auditor reports directly to the Audit Committee.

vii. Proceeds from Public Issues, right issue, preferential issues, etc.;

The Company has not raised any money through an issue of Securities by means of Public issue, Rights Issue, Preferential Issue, etc. during the financial year ended 31 March 2017.

viii. Web link where policy on determining 'material' subsidiaries is disclosed;

The Company has formulated a policy pursuant to provisions of Chapter IV of SEBI Listing Regulations to determine material subsidiaries. The policy is posted on the website of the Company and the weblink for the same is: www.himadri.com/pdf/corporate-governance/Code-Policies/Policy_for_determining_Material_Subsiary.pdf

ix. Web link where policy on dealing with related party transactions;

The Company has duly formulated a Policy on dealing with Related Party transactions. The Company recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof and therefore has adopted this Policy to ensure that all Related Party Transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions. The link for the same as placed on the website of the Company is www.himadri.com/pdf/corporate-governance/Code-Policies/Policy_on_Related_Party_Transactions.pdf

x. Disclosure of commodity price risks and commodity hedging activities.

Disclosure of commodity price risks and commodity hedging activities has been adequately covered under the Management Discussion and Analysis Report.

xi. Disclosure of the Compliance of the Corporate Governance.

The Company is in compliance with the Corporate Governance requirements as specified in Regulation 17 to 27 except Regulation 21 as the same is not applicable to the Company and the Company is also in compliance with the requirements of dissemination of the information of as required in terms of Regulation 46 (2) of the SEBI Listing Regulations.

For and on behalf of the Board

Sd/-

B. L. Choudhary
Managing Director
(DIN: 00173792)

Sd/-

S.S. Choudhary
Executive Director
(DIN: 00173732)

Place: Kolkata

Dated: 9 May 2017

Declaration by the Chief Executive Officer

Pursuant to Regulation 34 (3) {Schedule V Paragraph D] of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Members of

Himadri Speciality Chemical Ltd

I, Anurag Choudhary, Chief Executive Officer of the Company declare that to the best of my knowledge and belief, all the Members of the Board and the designated personnel in the Senior Management personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the financial year ended 31 March 2017.

For **Himadri Speciality Chemical Ltd**

Sd/-

Anurag Choudhary

Chief Executive Officer

Date: 10 May 2017

Practising Company Secretaries' Certificate on Corporate Governance

as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

The Members

Himadri Speciality Chemical Ltd.

Kolkata

We have examined the compliance of Corporate Governance by Himadri Speciality Chemical Ltd ("the Company") for the period between April 1, 2016 and March 31, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations, 2015") of the said Company with stock exchange(s) (as applicable) ("Listing Agreement").

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors, the management and the Company's officers, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations/Listing Agreements (as applicable).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs.

For **Vinod Kothari & Company**

Practising Company Secretaries

Sd/-

Arun Kumar Maitra

Partner

Membership No.-A3010

CP No.-14490

Dated: 9th May, 2017

Place: Kolkata



CEO & CFO CERTIFICATION

To

The Members of

Himadri Speciality Chemical Ltd

23A, Netaji Subhas Road, 8th Floor, Suite No 15,

Kolkata - 700 001

Sub: CEO & CFO certification in terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

We,

- 1) Anurag Choudhary, Chief Executive Officer and
- 2) Kamlesh Kumar Agarwal, Chief Financial Officer

Certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2017 and that to the best of our knowledge and belief:
 - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit Committee:
 - i) Significant changes in internal control over financial reporting during the year;
 - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting

Place: Kolkata

Date: 10 May 2017

Sd/-

Anurag Choudhary

Chief Executive Officer

Sd/-

Kamlesh Kumar Agarwal

Chief Financial Officer

INDEPENDENT

AUDITORS' REPORT

To the Members of**Himadri Speciality Chemical Limited**

(formerly known as Himadri Chemicals & Industries Limited)

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited) ("the Company") which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required



INDEPENDENT

AUDITORS' REPORT *(Continued)*

- by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - refer note 7, 15, 22 and 33(a) to the standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - refer note 20 to the standalone Ind AS financial statements;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representations, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management - refer note 49 to the standalone Ind AS financial statements.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

Annexure - A to the Independent Auditors' Report of even date on the Standalone Ind AS financial statements of Himadri Speciality Chemical Limited- 31 March 2017

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment. In accordance with this programme, certain items of property, plant and equipment have been physically verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in note 4 to the standalone Ind AS financial statements, are held in the name of the Company.
- (ii) The inventory, except stock lying with third parties and goods in transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. For stock lying with third parties as at the year end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipts have been verified. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, investments, guarantees and security during the year that would attract provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186 of the Act with respect to loans given and guarantee provided. The Company has not provided any security under the provisions of Section 186 of the Act.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, provisions of paragraph 3(v) of the Order are not applicable to the Company.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of the products manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Value added tax, Service tax, Duty of Customs, Duty of Excise, Entry tax, Cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Value added tax, Service tax, Duty of Customs, Duty of Excise, Entry tax, Cess and any other material statutory dues were in arrears as at 31 March 2017, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Value added tax, Service tax, Duty of Customs, Duty of Excise and Entry tax which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

| Name of the statute | Nature of the dues | Total amount under dispute (₹ in Lakhs) | Total amount paid under protest (₹ in Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|-----------------------------|--------------------|---|--|------------------------------------|--------------------------------|
| Central Sales Tax Act, 1956 | Central Sales tax | 878.19 | 60.39 | 2005 to 2013 | Appellate and Revision Board |
| | | 30.45 | 7.61 | 2005-2006 | Sales Tax Appellate Tribunal |
| | | 566.84 | 76.18 | 2013-2014 | Additional Commissioner |
| | | 0.89 | 0.44 | 2010-2011 | Deputy Commissioner |



Annexure - A to the Independent Auditors' Report of even date on the Standalone Ind AS financial statements of Himadri Speciality Chemical Limited- 31 March 2017 (Continued)

| Name of the statute | Nature of the dues | Total amount under dispute (₹ in Lakhs) | Total amount paid under protest (₹ in Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|---|--------------------|---|--|--|--|
| West Bengal Value Added Tax Act, 2003 | Value added tax | 36.85 | - | 2008-2009 | West Bengal Taxation Tribunal |
| | | 1,404.22 | - | 2005-2006 to 2007-2008, 2009-2010 to 2010-2011 | Appellate and Revision Board |
| | | 257.91 | - | 2005-2006 | Senior Joint Commissioner -Special Cell |
| | | 41.28 | 19.36 | 2013-2014 | Additional Commissioner |
| Chhattisgarh Value Added Sales Tax Act, 2003 | Value Added Tax | 2.30 | 1.48 | 2010-2011 | Deputy Commissioner |
| The Central Excise Act, 1944 | Excise duty | 433.42 | - | 2006 to 2008 | Custom Excise and Service Tax Appellate Tribunal |
| | | 718.12 | 204.56* | 2010-2011 | Commissioner of Central Excise |
| | | 29.60 | 1.66 | 2004 to 2007, 2011 to 2015 | Commissioner (Appeals) of Central Excise |
| The Custom Act, 1962 | Custom duty | 28.83 | 3.00 | 2000-2001 | Custom Excise and Service Tax Appellate Tribunal |
| Finance Act, 1994 | Service tax | 41.00 | - | 2010-2011 | Custom Excise and Service Tax Appellate Tribunal |
| | | 5.85 | - | 2010-2017 | Commissioner of Central Excise |
| Chhattisgarh Entry Tax Act, 1976 | Entry tax | 426.69 | 227.01 | 2012-2017 | Hon'ble High Court of Judicature Chhatisgarh at Bilaspur |
| The West Bengal Tax on entry of Goods into Local Areas, Act, 2012 | Entry tax | 3,427.55 | - | 2012-2017 | Hon'ble High Court of Kolkata |

*Includes amount recovered from the party.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, banks, government or dues to debenture holders during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Term loan raised during the year was applied for the purpose for which it was obtained.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid and provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable and details of such transactions

have been disclosed in the standalone Ind AS financial statements as required by the applicable Ind AS.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them in respect of which provisions of Section 192 of the Act are applicable. Accordingly, provisions of paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Place: Kolkata
Date: 10 May 2017

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Annexure - B

to the Independent Auditors' Report of even date on Standalone Ind AS financial statements of Himadri Speciality Chemical Limited- 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited) ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform

the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and



Annexure - B

to the Independent Auditors' Report of even date on Standalone Ind AS financial statements of Himadri Speciality Chemical Limited- 31 March 2017 (Continued)

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Place: Kolkata
Date: 10 May 2017

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Standalone Balance Sheet

as at 31 March 2017

Amount in ₹ Lakhs

| | Note | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|------|-------------------|-------------------|-------------------|
| ASSETS | | | | |
| (1) Non-current assets | | | | |
| (a) Property, plant and equipment | 4 | 110,297.38 | 110,084.27 | 114,762.12 |
| (b) Capital work-in-progress | 5 | 936.45 | 2,732.70 | 1,019.42 |
| (c) Financial assets | | | | |
| (i) Investments | 6 | 16,658.38 | 11,168.02 | 10,929.02 |
| (ii) Trade receivables | 7 | 798.79 | 788.03 | 784.04 |
| (iii) Loans | 10 | 2,499.95 | 2,271.90 | 2,178.17 |
| (iv) Other financial assets | 11 | 6.71 | 2.45 | 41.65 |
| (d) Non-current tax assets (net) | 12 | 409.72 | 409.72 | 362.22 |
| (e) Other non-current assets | 13 | 10,569.27 | 8,421.11 | 8,636.03 |
| Total Non-current assets | | 142,176.65 | 135,878.20 | 138,712.67 |
| (2) Current assets | | | | |
| (a) Inventories | 14 | 39,207.05 | 31,501.34 | 35,933.28 |
| (b) Financial assets | | | | |
| (i) Investments | 6 | 25.08 | 2,100.00 | 2,512.71 |
| (ii) Trade receivables | 7 | 21,561.06 | 19,987.32 | 31,565.94 |
| (iii) Cash and cash equivalents | 8 | 1,132.72 | 1,819.97 | 1,268.90 |
| (iv) Other bank balances | 9 | 2,466.06 | 1,693.07 | 2,394.01 |
| (v) Loans | 10 | 418.56 | 131.10 | 125.08 |
| (vi) Other financial assets | 11 | 1,062.26 | 1,081.50 | 503.68 |
| (c) Other current assets | 15 | 9,381.04 | 9,209.64 | 10,919.04 |
| Total Current assets | | 75,253.83 | 67,523.94 | 85,222.64 |
| TOTAL ASSETS | | 217,430.48 | 203,402.14 | 223,935.31 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity share capital | 16 | 4,184.08 | 4,184.08 | 3,857.33 |
| (b) Other equity | 17 | 103,625.68 | 87,910.13 | 81,975.01 |
| Total Equity | | 107,809.76 | 92,094.21 | 85,832.34 |
| Liabilities | | | | |
| (1) Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 18 | 38,703.12 | 36,600.20 | 51,414.54 |
| (ii) Trade payables | 19 | - | - | 20.56 |
| (iii) Derivatives | 20 | 882.32 | 5,943.01 | 5,764.15 |
| (iv) Other financial liabilities | 21 | 25.77 | 25.77 | 1,195.04 |
| (b) Provisions | 22 | 178.86 | 102.93 | 78.42 |
| (c) Deferred tax liabilities (net) | 31 | 8,974.27 | 4,757.70 | 5,206.19 |
| Total Non-current liabilities | | 48,764.34 | 47,429.61 | 63,678.90 |
| (2) Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 18 | 33,868.94 | 39,206.04 | 50,762.93 |
| (ii) Trade payables | 19 | 14,931.38 | 8,854.32 | 9,157.46 |
| (iii) Derivatives | 20 | 4,594.40 | 245.39 | 5,096.69 |
| (iv) Other financial liabilities | 21 | 3,966.78 | 13,107.95 | 6,705.36 |
| (b) Other current liabilities | 23 | 3,476.69 | 2,398.35 | 2,623.71 |
| (c) Provisions | 22 | 18.19 | 66.27 | 77.92 |
| Total Current liabilities | | 60,856.38 | 63,878.32 | 74,424.07 |
| TOTAL EQUITY AND LIABILITIES | | 217,430.48 | 203,402.14 | 223,935.31 |
| Significant accounting policies | 3 | | | |

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLCO42756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 10 May 2017



Standalone Statement of Profit and Loss

for the year ended 31 March 2017

Amount in ₹ Lakhs

| | Note | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|------|-----------------------------|-----------------------------|
| I. Revenue from operations | 24 | 147,125.42 | 129,078.10 |
| II. Other income | 25 | 789.87 | 1,095.01 |
| III. Total income (I + II) | | 147,915.29 | 130,173.11 |
| IV. Expenses | | | |
| Cost of materials consumed | 26 | 88,052.80 | 77,764.73 |
| Changes in inventories of finished goods and work-in-progress | 27 | 645.87 | 5,333.78 |
| Excise duty | | 14,708.21 | 13,894.24 |
| Employee benefits expense | 28 | 3,585.39 | 2,961.45 |
| Finance costs | 29 | 8,047.45 | 10,998.76 |
| Depreciation and amortisation expense | 4 | 3,097.36 | 6,371.56 |
| Foreign exchange fluctuation | | 2,002.89 | 1,109.65 |
| Other expenses | 30 | 15,435.19 | 13,827.16 |
| Total expenses (IV) | | 135,575.16 | 132,261.33 |
| V. Profit/ (loss) before tax (III-IV) | | 12,340.13 | (2,088.22) |
| VI. Tax expenses | 31 | | |
| Current tax | | - | (5.31) |
| Deferred tax | | 4,222.76 | (446.51) |
| VII. Profit / (loss) for the year (V-VI) | | 8,117.37 | (1,636.40) |
| VIII. Other comprehensive income (net of tax) | | | |
| A. Items that will not be reclassified subsequently to profit or loss | | | |
| (a) Remeasurements of defined benefit liability/ (asset) | | (17.88) | (5.72) |
| (b) Equity instruments through other comprehensive income - net change in fair value (net of taxes) | | 5,509.67 | 239.00 |
| (c) Income taxes relating to items that will not be reclassified to profit or loss | | 6.19 | 1.98 |
| Net other comprehensive income not to be reclassified subsequently to profit or loss | | 5,497.98 | 235.26 |
| B. Items that will be reclassified subsequently to profit or loss | | | |
| (a) Effective portion of gains/(losses) on hedging instruments in cash flow hedges | | 168.36 | 3,045.48 |
| (b) Effective portion of gains/(losses) on hedging instruments in cash flow hedges reclassified to profit and loss | | - | (4,656.41) |
| Net other comprehensive income to be reclassified subsequently to profit or loss | | 168.36 | (1,610.93) |
| Other comprehensive income for the year, net of income tax | | 5,666.34 | (1,375.67) |
| IX. Total comprehensive income for the year (VII+VIII) | | 13,783.71 | (3,012.07) |
| X. Earnings/ (loss) per equity share | 32 | | |
| [Face value of equity share ₹ 1 each (previous year ₹ 1 each)] | | | |
| - Basic | | 1.94 | (0.42) |
| - Diluted | | 1.94 | (0.42) |
| Significant accounting policies | 3 | | |

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Bajrang Lal Sharma
Company Secretary

Standalone Statement of Changes in Equity

for the year ended 31 March 2017

A. Equity share capital

| Particulars | Note | Numbers | Amount in ₹ Lakhs |
|--|------|--------------------|-------------------|
| Balance as at 1 April 2015 | | 385,732,570 | 3,857.33 |
| Changes in equity share capital during 2015-16 | 16 | 32,675,297 | 326.75 |
| Balance as at 31 March 2016 | | 418,407,867 | 4,184.08 |
| Changes in equity share capital during 2016-17 | 16 | - | - |
| Balance as at 31 March 2017 | | 418,407,867 | 4,184.08 |

B. Other equity

| Particulars | Note | Reserves and surplus | | | | Items of OCI | | | Total | | |
|--|------|----------------------|----------------------------|-------------------------|-----------------|----------------------------------|-------------------|---|--------|---------------------------------------|---|
| | | Capital reserve | Securities premium reserve | Debt redemption reserve | General reserve | Share option outstanding reserve | Retained earnings | Foreign currency monetary item translation difference account | | Effective portion of cash flow hedges | Equity instruments through other comprehensive income |
| Balance at 1 April 2015 | | 1,280.50 | 39,483.98 | 5,009.64 | 11,517.44 | - | (40.24) | (3,925.75) | - | - | 81,975.01 |
| Total comprehensive income for the year ended 31 March 2016 | | - | - | - | - | - | - | - | - | - | (1,636.40) |
| Profit or Loss | | - | - | - | - | - | - | - | - | - | (1,636.40) |
| Other comprehensive income (net of tax) | | - | - | - | - | - | - | (1,610.93) | - | 239.00 | (1,375.67) |
| Total comprehensive income | | - | - | - | - | - | (1,640.14) | (1,610.93) | 239.00 | 239.00 | (3,012.07) |
| Issue of equity share | 16 | - | 5,881.55 | - | - | - | - | - | - | - | 5,881.55 |
| Amortisation of foreign exchange fluctuation | | - | - | - | - | - | - | - | 112.76 | - | 112.76 |
| Deferred hedging gain/ (loss) | | - | - | - | - | - | - | - | - | - | - |
| Transfer from debenture redemption reserve | | - | - | (2,152.50) | 2,152.50 | - | - | - | - | - | - |
| Transfer to debenture redemption reserve | | - | 678.57 | - | - | - | (678.57) | - | - | - | - |
| Exchange gain/ (loss) on foreign currency convertible bond (FCCB) / foreign currency term loan | | - | - | - | - | - | - | (72.52) | - | - | (72.52) |
| Balance at 31 March 2016 | | 1,280.50 | 45,365.53 | 3,535.71 | 13,669.94 | - | 26,330.73 | (2,511.28) | 239.00 | - | 87,910.13 |

Standalone Statement of Changes in Equity

for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| Particulars | Note | Reserves and surplus | | | | | | Items of OCI | | | Total |
|--|------|----------------------|----------------------------|-------------------------|-----------------|-----------------------------------|---------------------|---|---------------------------------------|---|----------------------|
| | | Capital reserve | Securities premium reserve | Debt redemption reserve | General reserve | Share option out-standing reserve | Retained earnings | Foreign currency monetary item translation difference account | Effective portion of cash flow hedges | Equity instruments through other comprehensive income | |
| Balance at 1 April 2016 | | 1,280.50 | 45,365.53 | 3,535.71 | 13,669.94 | - | 26,330.73 | - | (2,511.28) | 239.00 | 87,910.13 |
| Total comprehensive income for the year ended 31 March 2017 | | - | - | - | - | - | 8,117.37 (11.69) | - | - | 5,509.67 | 8,117.37 5,666.34 |
| Profit or Loss | | - | - | - | - | - | - | - | - | - | - |
| Other comprehensive income (net of tax) | | - | - | - | - | - | - | - | 168.36 | 5,509.67 | 5,666.34 |
| Total comprehensive income | | - | - | - | - | - | 8,105.68 | - | 168.36 | 5,509.67 | 13,783.71 |
| Dividends (including corporate dividend tax) | 50 | - | - | - | - | - | (251.79) | - | - | - | (251.79) |
| Deferred hedging gain/ (loss) | | - | - | - | - | - | - | - | 2,158.23 | - | 2,158.23 |
| Share based payment expense | 37 | - | - | - | - | 25.40 | - | - | - | - | 25.40 |
| Transfer to debt redemption reserve | | - | - | 678.56 | - | - | (678.56) | - | - | - | - |
| Balance at 31 March 2017 | | 1,280.50 | 45,365.53 | 4,214.27 | 13,669.94 | 25.40 | 33,506.06 | - | (184.69) | 5,748.67 | 103,625.68 |

Significant accounting policies 3

The accompanying notes form an integral part of the Standalone financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173752

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 10 May 2017



Standalone Statement of Cash Flows

for the year ended 31 March 2017

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 | |
|---|--------------------------|--------------------------|-------------------|
| A. Cash flows from operating activities | | | |
| Net profit/ (loss) before tax | 12,340.13 | | (2,088.22) |
| Adjustments for: | | | |
| Depreciation and amortisation expense | 3,097.36 | 6,371.56 | |
| Shares based options outstanding | 25.40 | - | |
| Finance costs | 8,047.45 | 10,998.76 | |
| Interest income | (360.69) | (410.65) | |
| Unwinding of discount on security deposits and others | (166.63) | (267.55) | |
| Gain of fair valuation of investments through profit or loss | (65.56) | (148.96) | |
| Dividend income on equity securities | (0.22) | (0.38) | |
| Guarantee fee | (36.76) | (66.46) | |
| Gain on sale of current investments (mutual funds) | (29.57) | (51.63) | |
| Foreign exchange fluctuation (net) | 1,873.62 | 1,705.21 | |
| Net gain on sale of property, plant and equipment | (39.21) | (3.82) | |
| | 12,345.19 | | 18,126.08 |
| Operating cash flows before working capital changes | 24,685.32 | | 16,037.86 |
| Working capital adjustments: | | | |
| (Increase)/ decrease in inventories | (7,705.71) | 4,431.94 | |
| (Increase)/ decrease in trade receivables | (1,593.90) | 11,578.62 | |
| (Increase)/ decrease in financial and other assets | (730.68) | 1,360.63 | |
| Increase/ (decrease) in trade payables | 6,269.77 | (303.14) | |
| Increase/ (decrease) in financial, other liabilities and provisions | 1,899.70 | (5,312.93) | |
| | (1,860.82) | | 11,755.12 |
| Cash generated from operating activities | 22,824.50 | | 27,792.98 |
| Income tax paid (net) | (2,338.44) | | (42.19) |
| Net cash from operating activities (A) | 20,486.06 | | 27,750.79 |
| B. Cash flows from investing activities | | | |
| Acquisition of property, plant and equipments | (1,153.49) | (1,325.07) | |
| Proceeds from sale of property, plant and equipments | 44.61 | 19.08 | |
| Interest income received | 334.29 | 495.55 | |
| Dividends received | 0.22 | 0.38 | |
| Guarantee fee received | 1.89 | 49.31 | |
| Loan to subsidiary | (154.44) | (200.00) | |
| Proceeds from sale of investments | 2,802.66 | 2,100.00 | |
| Purchase of investments | - | (2,100.00) | |
| (Investment)/ redemption in fixed deposits with banks (having maturity of more than 3 months) | (781.27) | 725.04 | |
| Net cash provided/ (used) in investing activities (B) | 1,094.47 | | (235.71) |



Standalone Statement of Cash Flows

for the year ended 31 March 2017 (continued)

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | | Year ended 31 March 2016 |
|--|--------------------------|--------------------|--------------------------|
| C. Cash flows from financing activities | | | |
| Proceeds from long-term borrowings | 5,053.04 | | 42.16 |
| Repayment of long-term borrowings | (10,974.60) | | (6,043.40) |
| Increase/ (decrease) in short term borrowings | (4,941.89) | | (12,722.10) |
| Interest paid | (10,255.11) | | (8,432.28) |
| Net proceeds/ (outflow) on settlement of derivative contracts | (896.99) | | 173.59 |
| Dividend paid (including dividend distribution tax) | (251.79) | | - |
| Net cash provided by/ (used in) financing activities (C) | | (22,267.34) | (26,982.03) |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | | (686.81) | 533.05 |
| Cash and cash equivalents at 1 April (refer note 8 to the Standalone financial statements) | | 1,819.97 | 1,268.90 |
| Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts) | | (0.44) | 18.02 |
| Cash and cash equivalents at 31 March (refer note 8 to the Standalone financial statements) | | 1,132.72 | 1,819.97 |

Notes:

1. Standalone Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 specified under Section 133 of the Companies Act, 2013.
2. Acquisition of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
3. Figures in brackets indicate cash outflows.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLCO42756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Bajrang Lal Sharma
Company Secretary

Notes to the Standalone

financial statements for the year ended 31 March 2017

1 Reporting entity

Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited ('the Company')) is a public company domiciled and headquartered in India, having its registered office situated at 23A, N. S Road, Kolkata. The Company was originally incorporated on 28 July 1987 and its shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Company has operations in India and caters to both domestic and international markets. The Company also has a wholly-owned subsidiary in India in the name of Equal Commodore Private Limited, a step down wholly-owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and another step down subsidiary with 94% shareholding in the name of Shandong Dawn Himadri Chemical Industry Limited, incorporated in China.

2 Basis of preparation of Standalone financial statements

(a) Statement of compliance

These Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India ('SEBI'), as applicable.

The Standalone financial statements for the year ended 31 March 2016 were prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first Standalone financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company's is provided in note 52.

The Standalone financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 10 May 2017.

The details of the Company's accounting policies are included in note 3.

(b) Functional and presentation currency

These Standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

(c) Basis of measurement

The Standalone financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Derivative financial instruments measured at fair value;
- (ii) Certain financial assets and financial liabilities measured at fair value;
- (iii) Assets held for sale-measured at the lower of its carrying amount and fair value less costs to sell;
- (iv) Employee's defined benefit plan as per actuarial valuation, and
- (v) Share-based payments

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(d) Use of estimates and judgements

The preparation of the Company's Standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Standalone financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. The changes in the estimates are reflected in the Standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone financial statements.

Critical accounting estimates and key sources of estimation uncertainty: Key assumptions

(i) Useful lives of Property, plant and equipment

The Company uses its technical expertise along



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with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets. See note 3(d) and 4 for details.

(ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility risk, credit risk and volatility. See note 3(v) and 41 for details.

(iii) Defined benefit plan

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuations using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 3(g) and 36 for details.

(iv) Share-based payments

The Company measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 37.

(v) Recognition of current tax and deferred tax

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted by the reporting date and the amount of current

tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. See note 3(m) and 31 for details.

(vi) Recognition and measurement of provisions and contingencies

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. See note 22, 33(a) and 42 for details.

(e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as

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possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 37 and 41.

3 Significant accounting policies

(a) Current and non-current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is expected to be realised within 12 months after the reporting date; or
- (iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (i) it is expected to be settled in the Company's normal operating cycle;
- (ii) it is held primarily for the purpose of being traded;
- (iii) it is due to be settled within 12 months after the reporting date; or
- (iv) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Company under Ind AS 101.

(c) Financial instruments

(i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified



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as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI) - Equity Investment; or
- fair value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

In accordance with Ind AS 101, the Company has irrevocably designated its investment in equity instruments (other than investment in subsidiary) as FVOCI on the date of transition to Ind AS.

Financial assets at FVTPL

All financial assets which are not classified as measured

at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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Financial assets: Subsequent measurement and gains and losses

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss. |

Investments in subsidiaries is carried at cost in separate financial statements.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities through FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. See note 3(c)(v) for financial liabilities designated as hedging instruments.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are recognised in the Statement of Profit and Loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

Financial guarantee liability

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value net off transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset:

- when the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when,



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and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk in forecast transactions and firm commitments.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. The use of hedge instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair

value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Statement of Profit and Loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, the amount accumulated in other equity is reclassified to Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Statement of Profit and Loss.

If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Statement of Profit and Loss.

Derivatives that are not designated as hedge

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Statement of Profit and Loss.

(vi) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Embedded derivative are accounted for as separate

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financial statements for the year ended 31 March 2017 (Continued)

derivative and recorded at fair value with changes in fair value recognised in Statement of Profit and Loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss. Property, plant and equipment under construction are disclosed as Capital work-in-progress. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016, are continued to be capitalised as per policy stated in note 3 (b) above.

(ii) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. See note 4 for details.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the

Company. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on Property, Plant and equipments situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Leasehold land (includes development cost) is amortised on a straight line basis over the period of respective lease, except land acquired on perpetual lease. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

| Asset | Management estimate of useful life (in years) | Useful life as per Schedule II (in years) |
|------------------------|---|---|
| Buildings | 10-60 | 30 |
| Plant and equipment | 5-60 | 8-40 |
| Office equipment | 5-25 | 5 |
| Vehicles | 8-10 | 6-10 |
| Furniture and fixtures | 10 | 8-10 |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation report obtained from an independent valuer, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Estimates in respect of Plant and equipment and Building were revised w.e.f 1 April 2016.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).



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(e) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Excise duty liability is included in the valuation of closing inventory of the finished goods.

In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(f) Impairment

(i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through

profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 *Financial Instruments* for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including subsequent information.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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The Company's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Share-based payment transactions

The Company recognises compensation expense relating to share-based payments in Statement of Profit and Loss using fair value in accordance with Ind AS 102, Share Based Payment.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met,

such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions (a) employee provident fund to Government administered provident fund scheme, and (b) superannuation scheme for eligible employees to Life Insurance Corporation of India (LICI), which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements. The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss.



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financial statements for the year ended 31 March 2017 (Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested.

(v) Compensated absences

As per policy of the Company, employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Company records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Company. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated

at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(i) Revenue- Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and quantity discounts and exclusive of Sales tax and Value added tax (VAT) and is inclusive of excise duty. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale. Export incentives (duty drawback) are recognised on accrual basis against goods exported.

Revenue from job work charges (excluding service tax) is recognised on completion of job work in accordance with terms of the agreement.

Earning from sale of power is accounted for on tariff rates agreed with respective Electricity Board and are net of discounts for prompt payment of bills.

(j) Government Grants

Government grants are recognised in the Statement of Profit and Loss as other operating revenue on a

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financial statements for the year ended 31 March 2017 (Continued)

systematic basis over the periods in which the Company recognises the related costs for which the grants are intended to compensate.

Government grants that are receivable towards capital investments under State Incentive Scheme are recognised in the Statement of Profit and Loss in the period in which they become receivable.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and is being recognised in the Statement of Profit and Loss. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(k) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

(ii) Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet. Payments made under operating leases are recognised in the Statement of Profit or Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

(iii) Lease payments

Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Recognition of dividend income, interest income or expense

Dividend income is recognised in Statement of Profit and Loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Income tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised



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financial statements for the year ended 31 March 2017 (Continued)

in the Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (tax base). Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets - unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(n) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

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financial statements for the year ended 31 March 2017 (Continued)

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(p) Research and development expenses

Revenue expenditure on Research and development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

(q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

(r) Cash and cash equivalents

Cash and cash equivalents include cash and cash-on-deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(u) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating

segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. The Company has currently two reportable segments viz. Carbon materials and chemicals and Power.

(v) Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

(ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

(iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iv) Derivative financial liabilities

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are



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financial statements for the year ended 31 March 2017 (Continued)

measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(vi) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk free interest rate (based on government bonds).

3A. Recent accounting pronouncements- Standard issued but not yet effective

(i) Revenue from contracts with customers- Ind AS 115

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effective date of Ind AS 115 is yet to be announced.

(ii) Amendments to Ind AS 7 and Ind AS 102

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, "Statement of cash flows"

and Ind AS 102, "Share Based Payments." These amendments are in accordance with the recent amendments made by International Accounting Standard Board (IASB) to IAS 7, "Statement of Cash flows" and IFRS 2, "Share Based Payments", respectively. The amendments are applicable to the Company from 1 April 2017.

a. Amendment to Ind AS 7

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is in the process of evaluating the requirements of the amendment and its relevant impact on the financial statements.

b. Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

This above amendment is not applicable to the Company as it has not yet granted any cash-settled awards during the year ended 31 March 2017.

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financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | | | | | | | |
|--|-------------------|----------------|-----------------|---------------------|------------------------|---------------|------------------|-------------------|
| | Freehold Land | Leasehold Land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
| 4. Property, plant and equipment | | | | | | | | |
| See accounting policies in note 3(d) and (f) | | | | | | | | |
| Reconciliation of carrying amount | | | | | | | | |
| Cost or deemed cost (Gross carrying amount) | | | | | | | | |
| Balance at 1 April 2015 | 3,600.94 | 304.35 | 7,216.54 | 133,439.70 | 732.67 | 851.73 | 1,529.56 | 147,675.49 |
| Additions | - | - | 10.60 | 358.59 | 3.49 | 46.87 | 26.44 | 445.99 |
| Disposals/ Discard | - | - | - | (8.14) | - | (65.17) | - | (73.31) |
| Effect of movement in foreign exchange rates | - | - | - | 1,262.98 | - | - | - | 1,262.98 |
| Balance at 31 March 2016 | 3,600.94 | 304.35 | 7,227.14 | 135,053.13 | 736.16 | 833.43 | 1,556.00 | 149,311.15 |
| Balance at 1 April 2016 | 3,600.94 | 304.35 | 7,227.14 | 135,053.13 | 736.16 | 833.43 | 1,556.00 | 149,311.15 |
| Additions | 69.86 | 29.81 | 144.58 | 2,885.28 | 0.72 | 65.81 | 104.44 | 3,300.50 |
| Disposals/ Discard | (3.65) | - | - | - | - | (5.59) | - | (9.24) |
| Effect of movement in foreign exchange rates | - | - | - | 15.36 | - | - | - | 15.36 |
| Balance at 31 March 2017 | 3,667.15 | 334.16 | 7,371.72 | 137,953.77 | 736.88 | 893.65 | 1,660.44 | 152,617.77 |
| Accumulated depreciation and amortisation | | | | | | | | |
| Balance on 1 April 2015 | - | - | 1,613.57 | 29,114.92 | 338.03 | 510.11 | 1,336.74 | 32,913.37 |
| Depreciation/ Amortisation for the year | - | - | 228.82 | 5,889.18 | 77.03 | 86.57 | 89.96 | 6,371.56 |
| Adjustments/ Disposals | - | - | - | (0.21) | - | (57.84) | - | (58.05) |
| Balance at 31 March 2016 | - | - | 1,842.39 | 35,003.89 | 415.06 | 538.84 | 1,426.70 | 39,226.88 |
| Balance at 1 April 2016 | - | - | 1,842.39 | 35,003.89 | 415.06 | 538.84 | 1,426.70 | 39,226.88 |
| Depreciation/ Amortisation for the year | - | 13.75 | 197.01 | 2,684.43 | 71.25 | 84.70 | 46.22 | 3,097.36 |
| Adjustments/ Disposals | - | - | - | - | - | (3.85) | - | (3.85) |
| Balance at 31 March 2017 | - | 13.75 | 2,039.40 | 37,688.32 | 486.31 | 619.69 | 1,472.92 | 42,320.39 |
| Carrying amounts (net) | | | | | | | | |
| At 1 April 2015 | 3,600.94 | 304.35 | 5,602.97 | 104,324.78 | 394.64 | 341.62 | 192.82 | 114,762.12 |
| At 31 March 2016 | 3,600.94 | 304.35 | 5,384.75 | 100,049.24 | 321.10 | 294.59 | 129.30 | 110,084.27 |
| At 31 March 2017 | 3,667.15 | 320.41 | 5,332.32 | 100,265.45 | 250.57 | 273.96 | 187.52 | 110,297.38 |

Notes:

- During the year ended 31 March 2017, on the basis of technical report obtained from an independent valuer, the management has reassessed estimated useful life of Plant and equipment, and Buildings with effect from 1 April 2016. As a result, the depreciation charge for the year ended 31 March 2017 is lower by ₹ **2,859.93 lakhs** and profit before tax for the year ended 31 March 2017 is higher by ₹ **2,859.93 lakhs**.
- As at 31 March 2017, properties with carrying amount of ₹ **106,423.43 lakhs** (31 March 2016: ₹ 106,374.46 lakhs, 1 April 2015: ₹ 111,018.05 lakhs) are subject to first charge to secure borrowings (refer note 18).
- Opening gross carrying amount include Research and Development Assets (Building, Plant and Equipment, Furniture and fixtures and Office equipment) of ₹ **1,254.12 lakhs** (31 March 2016: ₹ 1,159.55 lakhs, 1 April 2015: ₹ 1,159.55 lakhs) and Net Block of ₹ **815.95 lakhs** (31 March 2016: ₹ 801.88 lakhs, 1 April 2015: ₹ 895.00 lakhs). Additions for the Research and Development assets during the year 2016-17 is ₹ **94.56 lakhs**.
- The Company has elected the option to continue the previous GAAP carrying amount of the property, plant and equipment as at 31 March 2016, to be the value of Gross block on 1 April 2015.



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financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 5. Capital work-in-progress | | | |
| See accounting policy in note 3(d) | | | |
| At the beginning of the year | 2,732.70 | 1,019.42 | 5,592.85 |
| Additions during the year | 1,376.99 | 2,107.59 | 1,441.68 |
| Capitalised during the year | (3,173.24) | (394.31) | (6,015.11) |
| At the end of the year | 936.45 | 2,732.70 | 1,019.42 |
| Capital work-in-progress includes: | | | |
| Expenditure incurred during construction period on substantial expansion / new manufacturing facility of the Company, given below: | | | |
| At the beginning of the year | 198.84 | 109.10 | 503.25 |
| Additions during the year: | | | |
| Employee benefits expense | 11.68 | 16.51 | 2.39 |
| Power and fuel | 1.66 | - | 7.45 |
| Rates and taxes | 7.80 | 0.26 | 2.69 |
| Repairs | 1.05 | 3.55 | - |
| Insurance | - | 0.06 | - |
| Finance cost | - | 0.02 | 0.59 |
| Rent | 3.73 | 3.87 | 0.73 |
| Miscellaneous expenses (includes consultancy charges, inspection charges, testing charges, etc.) | 52.53 | 65.47 | 10.73 |
| | 78.45 | 89.74 | 24.58 |
| Less: Capitalised during the year | 259.83 | - | 418.73 |
| At the end of the year | 17.46 | 198.84 | 109.10 |

| | Amount in ₹ Lakhs | | |
|---|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 6. Investments | | | |
| See accounting policies in note 3(c)(i) - (ii), (c)(v) and (f)(i) | | | |
| A. Non-current investments | | | |
| Investments in subsidiaries carried at cost | | | |
| Equity instruments | | | |
| 10,000 (31 March 2016: 10,000, 1 April 2015: 10,000) equity shares of Equal Commodal Private Limited, a wholly-owned subsidiary (face value - ₹ 10 each, fully paid-up) | 1.00 | 1.00 | 1.00 |
| Debentures or bonds | | | |
| 800 (31 March 2016: 800, 1 April 2015: 800) 1.50% Fully Convertible Debentures in Equal Commodal Private Limited, a wholly-owned subsidiary (face value - ₹ 1,000,000 each, fully paid-up) | 8,000.00 | 8,000.00 | 8,000.00 |
| | 8,001.00 | 8,001.00 | 8,001.00 |
| Equity instruments carried at fair value through other comprehensive income (FVOCI) | | | |
| Quoted | | | |
| Nil (31 March 2016: 1,275, 1 April 2015: 1,275) equity shares of ACC Limited (face value - ₹ 10 each) | - | 17.60 | 19.90 |
| 334,900 (31 March 2016: 334,900, 1 April 2015: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each) | 1,796.07 | 496.99 | 414.94 |
| Nil (31 March 2016: 1,400, 1 April 2015: 1,400) equity shares of New Delhi Television Limited (face value - ₹ 4 each) | - | 1.49 | 1.60 |
| 8,000 (31 March 2016: 8,000, 1 April 2015: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each) | 1.80 | 1.40 | 1.77 |
| | 1,797.87 | 517.48 | 438.21 |
| Unquoted | | | |
| 720,000 (31 March 2016: 720,000, 1 April 2015: 720,000) equity shares of Himadri Dyes & Intermediates Limited (face value - ₹ 10 each) | 3,755.52 | 1,437.84 | 1,355.04 |
| 17,000 (31 March 2016: 17,000, 1 April 2015: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each) | 1.56 | 1.56 | 1.58 |
| 493,300 (31 March 2016: 493,300, 1 April 2015: 493,300) equity shares of Himadri Industries Limited (face value - ₹ 10 each) | 3,102.36 | 1,210.07 | 1,133.12 |
| | 6,859.44 | 2,649.47 | 2,489.74 |
| Government securities (unquoted) carried at amortised cost | | | |
| Kisan Vikas Patra (Deposited with sales tax authorities) | 0.07 | 0.07 | 0.07 |
| Total | 16,658.38 | 11,168.02 | 10,929.02 |

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financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|---------------|---------------|--------------|
| 6. Investments (Continued) | | | |
| Aggregate book value of quoted investments | 35.89 | 38.82 | 38.82 |
| Aggregate market value of quoted investments | 1,797.87 | 517.48 | 438.21 |
| Aggregate value of unquoted investments | 14,860.51 | 10,650.54 | 10,490.81 |

The Company, on 31 March 2014, invested in 800, 1.50% Optionally Convertible Debentures ("OCDs") of face value of ₹ 1,000,000 each of Equal Commodeal Private Limited, aggregating to ₹ 8,000 lakhs by way of private placement. The said debentures were, at the option of the debenture holder redeemable at par, in part or in full, anytime on or after 12 months from the date of allotment or convertible into equity shares at the end of 10 years from the date of allotment at a price equal to Net Asset Value as per the last audited Balance Sheet of Equal Commodeal Private Limited.

During the year ended 31 March 2017, the terms of the existing OCDs were amended and accordingly, by way of approval of the board of directors, passed at the meeting held on 31 March 2017, the above OCDs now stand as Fully Convertible Debentures (FCD) into equity shares, at par, of full value of ₹ 8,000 lakhs, at the end of the maturity, with option with the FCD holder to opt for an early conversion at any time during the tenure of the FCD. The coupon payments of 1.5% p.a. compounded quarterly were also revised to be paid discretionarily at the discretion of the issuer company.

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|---------------|-----------------|-----------------|
| B. Current investments | | | |
| Mutual funds (quoted) carried at fair value through profit or loss | | | |
| 187,180 (31 March 2016: 17,273,999, 1 April 2015: Nil) units of UTI Banking & PSU Debt Fund - Direct Plan - Growth | 25.08 | 2,100.00 | - |
| Nil (31 March 2016: Nil, 1 April 2015: 14,935,564) units of UTI Short Term Income Fund - Institutional Option - Growth Plan | - | - | 2,512.71 |
| | 25.08 | 2,100.00 | 2,512.71 |
| Aggregate book value of quoted investments | 22.76 | 2,100.00 | 2,100.00 |
| Aggregate market value of quoted investments | 25.08 | 2,100.00 | 2,512.71 |

Investments in mutual funds amounting to ₹ 25.08 lakhs (31 March 2016: ₹ 2,100.00 lakhs, 1 April 2015: ₹ 2,512.71 lakhs) are pledged with banks against various credit facilities availed by the Company.

Information about the Company's exposure to fair value measurement, credit and market risk and are included in note 41 and note 42.

C. Equity shares designated at fair value through other comprehensive income (FVOCI)

As at 1 April 2016, the Company designated the investments shown below as equity instruments at FVOCI because these equity instruments represent investments that the Company intends to hold for long-term for strategic purposes.

Amount in ₹ Lakhs

| | Fair value as at 31 March 2017 | Dividend income recognised during 2016-17 | Fair value as at 31 March 2016 | Dividend income recognised during 2015-16 | Fair value as at 1 April 2015 |
|--|--------------------------------|---|--------------------------------|---|-------------------------------|
| Investment in ACC Limited | - | 0.22 | 17.60 | 0.38 | 19.90 |
| Investment in Himadri Credit & Finance Limited | 1,796.07 | - | 496.99 | - | 414.94 |
| Investment in New Delhi Television Limited | - | - | 1.49 | - | 1.60 |
| Investment in Transchem Limited | 1.80 | - | 1.40 | - | 1.77 |
| Investment in Himadri Dyes & Intermediates Limited | 3,755.52 | - | 1,437.84 | - | 1,355.04 |
| Investment in Himadri e-Carbon Limited | 1.56 | - | 1.56 | - | 1.58 |
| Investment in Himadri Industries Limited | 3,102.36 | - | 1,210.07 | - | 1,133.12 |
| | 8,657.31 | 0.22 | 3,166.95 | 0.38 | 2,927.95 |

Equity shares of ACC Limited and New Delhi Television Limited were sold for ₹ 19.31 lakhs (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil).

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--------------------------------|------------------|------------------|------------------|
| 7. Trade receivables | | | |
| Unsecured | | | |
| - Considered good | 22,359.85 | 20,775.35 | 32,349.98 |
| - Considered doubtful | 417.01 | 417.01 | 545.81 |
| | 22,776.86 | 21,192.36 | 32,895.79 |
| Less: Loss for allowances | | | |
| - Provision for doubtful debts | 417.01 | 417.01 | 545.81 |
| | 22,359.85 | 20,775.35 | 32,349.98 |
| Non-current | 798.79 | 788.03 | 784.04 |
| Current | 21,561.06 | 19,987.32 | 31,565.94 |
| | 22,359.85 | 20,775.35 | 32,349.98 |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

- (a) For receivables secured against borrowings, refer note 18.
- (b) Non-current trade receivables include an amount of ₹ 798.79 lakhs (31 March 2016: ₹ 788.03 lakhs, 1 April 2015: ₹ 784.04 lakhs) due from a customer which is currently under arbitration. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Company.
- (c) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (d) Information about the Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 42.

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 8. Cash and cash equivalents | | | |
| See accounting policy in note 3(r) | | | |
| Cash on hand | 13.20 | 27.14 | 31.90 |
| Balances with banks | | | |
| - On current accounts | 430.18 | 442.53 | 387.68 |
| - On EEFC accounts | 582.52 | 447.48 | 0.01 |
| - On deposit account (with original maturities up to 3 months) | 106.82 | 902.82 | 849.31 |
| | 1,132.72 | 1,819.97 | 1,268.90 |

| | Amount in ₹ Lakhs | | |
|---|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 9. Other bank balances | | | |
| Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date | 2,436.67 | 1,659.58 | 2,346.39 |
| Fixed deposits held as margin money | 0.27 | 0.27 | 0.27 |
| Earmarked balances with banks for unpaid dividend accounts | 29.12 | 33.22 | 47.35 |
| | 2,466.06 | 1,693.07 | 2,394.01 |
| Details of balance with banks on deposit accounts | | | |
| Deposits due to mature within 3 months of the reporting date included under 'Cash and cash equivalents' (refer note 8) | 106.82 | 902.82 | 849.31 |
| Deposits due to mature after 3 months of original maturities but within 12 months of the reporting date included under 'Other bank balances' (refer note 9) | 2,436.67 | 1,659.58 | 2,346.39 |
| Deposits due to mature after 12 months of the reporting date included under 'Other financial assets - non-current' (refer note 11) | 5.98 | 1.80 | 40.03 |
| | 2,549.47 | 2,564.20 | 3,235.73 |

Bank deposits ₹ 2,549.47 lakhs (31 March 2016: ₹ 2,564.20 lakhs, 1 April 2015: ₹ 3,235.73 lakhs) have been pledged with the banks against various credit facilities availed by the Company.

| | Amount in ₹ Lakhs | | |
|---|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 10. Loans | | | |
| <i>(Unsecured, considered good)</i> | | | |
| Non-current | | | |
| Security and other deposits | 1,874.11 | 1,800.50 | 1,906.77 |
| To related party - wholly owned subsidiary | | | |
| Loan given to Equal Commodeal Private Limited (refer note 38) | 625.84 | 471.40 | 271.40 |
| | 2,499.95 | 2,271.90 | 2,178.17 |
| Current | | | |
| Security and other deposits | 304.04 | 75.72 | 61.47 |
| Loan to employees | 114.52 | 55.38 | 63.61 |
| | 418.56 | 131.10 | 125.08 |
| | 2,918.51 | 2,403.00 | 2,303.25 |

Loan given to Equal Commodeal Private Limited for business purposes.

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financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---------------|---------------|--------------|
| 11. Other financial assets | | | |
| Non-current | | | |
| Bank deposits due to mature after 12 months of the reporting date | 5.98 | 1.80 | 40.03 |
| Interest accrued on fixed deposits | 0.73 | 0.65 | 1.62 |
| | 6.71 | 2.45 | 41.65 |
| Current | | | |
| To parties other than related parties | | | |
| Interest accrued on fixed deposits | 90.03 | 69.72 | 102.75 |
| Insurance claim receivable | 173.94 | 162.66 | 99.82 |
| Receivable against redemption of mutual funds | - | 613.30 | - |
| Income tax refundable | 6.08 | 3.08 | 3.08 |
| Export incentive receivable | 36.48 | 50.56 | 28.70 |
| Government grants receivable | 557.73 | - | - |
| Other receivables | - | 4.01 | 38.89 |
| To related parties | | | |
| Interest receivable from a subsidiary - Equal Commodeal Private Limited (refer note 38) | 79.29 | 73.28 | 124.18 |
| Guarantee fee receivable from a subsidiary - AAT Global Limited | 118.71 | 104.89 | 106.26 |
| | 1,062.26 | 1,081.50 | 503.68 |
| | 1,068.97 | 1,083.95 | 545.33 |

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|---------------|---------------|--------------|
| 12. Non-Current tax assets (net) | | | |
| Advance income tax | 409.72 | 409.72 | 362.22 |
| [net of provision for income tax ₹ 4,725.98 (31 March 2016: ₹ 4,725.98 lakhs, 1 April 2015: ₹ 4,731.29 lakhs)] | | | |
| | 409.72 | 409.72 | 362.22 |

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--------------------------------------|---------------|---------------|--------------|
| 13. Other non-current assets | | | |
| <i>(Unsecured, considered good)</i> | | | |
| Capital advances | 124.57 | 424.02 | 1,301.70 |
| Advances other than capital advances | | | |
| - Deposit against demands in dispute | 343.95 | 305.47 | 158.81 |
| - MAT credit entitlement | 7,853.02 | 5,208.57 | 5,208.57 |
| Other advances | | | |
| - Prepaid rent | 2,247.73 | 2,483.05 | 1,966.95 |
| | 10,569.27 | 8,421.11 | 8,636.03 |

The Company has carried forward MAT credit entitlement, having regard to the trend of profitability and future projections. The management is of the opinion that the Company will pay normal tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability.

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|---------------|---------------|--------------|
| 14. Inventories | | | |
| <i>(Valued at the lower of cost and net realisable value)</i> | | | |
| See accounting policy in note 3(e) | | | |
| Raw materials [including goods-in-transit ₹ 3,433.52 lakhs (31 March 2016: ₹ 79.80 lakhs, 1 April 2015: ₹ 2,357.34 lakhs)] | 15,321.01 | 7,042.72 | 6,186.31 |
| Work-in-progress | 8,213.90 | 8,726.72 | 8,980.44 |
| Finished goods | 13,672.78 | 13,805.83 | 18,885.89 |
| Packing materials | 214.02 | 142.36 | 155.43 |
| Stores and spares [including goods-in-transit: ₹ Nil (31 March 2016: ₹ 21.75 lakhs, 1 April 2015: ₹ Nil)] | 1,785.34 | 1,783.71 | 1,725.21 |
| | 39,207.05 | 31,501.34 | 35,933.28 |

Carrying amount of inventories pledged as securities for borrowings, refer note 18.



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financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 15. Other current assets | | | |
| <i>(Unsecured considered good unless otherwise stated)</i> | | | |
| To parties other than related parties | | | |
| Advances for supplies | | | |
| Unsecured, considered good | 6,053.24 | 6,183.25 | 7,216.52 |
| Unsecured, considered doubtful | 46.76 | 46.76 | 46.76 |
| | 6,100.00 | 6,230.01 | 7,263.28 |
| Less: Provision for doubtful advances | 46.76 | 46.76 | 46.76 |
| | 6,053.24 | 6,183.25 | 7,216.52 |
| Others | | | |
| Balance with excise authorities | 2,013.52 | 1,233.29 | 2,689.76 |
| Sales tax deposit and VAT receivable | 465.08 | 431.09 | 446.45 |
| Other receivables | 560.53 | 517.22 | 373.63 |
| To related party | | | |
| Advance for supplies: AAT Global Limited | 288.67 | 844.79 | 192.68 |
| | 9,381.04 | 9,209.64 | 10,919.04 |

Advances for supplies includes ₹ 833.93 lakhs (31 March 2016: ₹ 833.93 lakhs, 1 April 2015: ₹ 833.93 lakhs) as advance given in earlier years against supply of raw materials which is currently under arbitration. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Company.

Other receivables includes prepaid expenses and advance for expenses.

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 16. Equity share capital | | | |
| See accounting policy in note 3(o) | | | |
| Authorised | | | |
| 700,000,000 (31 March 2016: 700,000,000, 1 April 2015: 700,000,000) equity shares of ₹ 1 each | 7,000.00 | 7,000.00 | 7,000.00 |
| Issued, subscribed and fully paid-up | | | |
| 418,407,867 (31 March 2016: 418,407,867, 1 April 2015: 385,732,570) equity shares of ₹ 1 each | 4,184.08 | 4,184.08 | 3,857.33 |
| | 4,184.08 | 4,184.08 | 3,857.33 |

A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

| | Amount in ₹ Lakhs | | | |
|---|--------------------|-----------------|---------------|----------|
| | 31 March 2017 | | 31 March 2016 | |
| | Number | Amount | Number | Amount |
| At the commencement of the year | 418,407,867 | 4,184.08 | 385,732,570 | 3,857.33 |
| Add: Issued during the year* | - | - | 32,675,297 | 326.75 |
| Number of shares outstanding at the end of the year | 418,407,867 | 4,184.08 | 418,407,867 | 4,184.08 |

* The Company, on 24 September 2001, had issued 12,300 Deep Discount Debentures ("DDD") of face value of ₹ 100,000 each to Himadri Coke & Petro Limited, aggregating to ₹ 12,300 lakhs at a discount of 90% on face value and which were redeemable at par at the end of 20 years from the date of allotment. The DDD carried an implicit rate of interest of 12.18% approximately compounded annually. During the year ended 31 March 2016, the terms of the existing DDD were amended to provide, inter alia, terms of conversion of the DDD into the equity shares of the Company. Accordingly, by way of approval of the shareholders by a special resolution, passed at the Extra Ordinary General meeting held on 22 March 2016, the above DDD were converted into 32,675,297 equity shares of ₹ 1 each at a price of ₹ 19 per equity share (including a premium of ₹ 18 per equity share) aggregating to ₹ 6,208.30 lakhs as per the valuation report of an independent qualified valuer. The above equity shares were allotted on 25 March 2016. On above conversion, ₹ 2,152.50 lakhs was transferred from Debenture redemption reserve to General reserve. The Company has complied with requisite provisions of the Companies Act, 2013 and SEBI, as applicable.

B. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of ₹ 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

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financial statements for the year ended 31 March 2017 (Continued)

C. Employee stock option

See accounting policy in note 3(g)(ii).

The terms attached to stock options granted to employees are described in note 37 regarding share based payment.

D. Shares held by associates having significant influence over the Company

| | 31 March 2017 | | 31 March 2016 | |
|--------------------------------------|----------------------|-------------|---------------|-------------|
| | Number | Amount | Number | Amount |
| | BC India Investments | 103,178,860 | 1,031.79 | 103,178,860 |
| Himadri Dyes & Intermediates Limited | 98,284,310 | 982.84 | 98,284,310 | 982.84 |

E. Particulars of shareholders holding more than 5% shares of fully paid up equity shares

| | 31 March 2017 | | 31 March 2016 | |
|---|---------------|--------------------------------|---------------|--------------------------------|
| | Number | % of total shares in the class | Number | % of total shares in the class |
| Equity shares of ₹ 1 each fully paid up held by: | | | | |
| BC India Investments | 103,178,860 | 24.66% | 103,178,860 | 24.66% |
| Himadri Dyes & Intermediates Limited | 98,284,310 | 23.49% | 98,284,310 | 23.49% |
| Himadri Industries Limited | 46,140,000 | 11.03% | 46,140,000 | 11.03% |
| Himadri Coke & Petro Limited | 38,175,297 | 9.12% | 38,175,297 | 9.12% |

F. Shares reserved for issue under options

| | 31 March 2017 | | 31 March 2016 | |
|---|---------------|--------|---------------|--------|
| | Number | Amount | Number | Amount |
| Under Employee Stock Option Plan, 2016: 1,304,600 equity shares of ₹ 1 each, at an exercise price of ₹ 19 per share (see note 37) | 1,304,600 | 13.05 | - | - |

G. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the five year period ended 31 March 2017 (31 March 2016):

Nil (31 March 2016: 32,675,297) equity shares of ₹ 1 each have been allotted as fully paid up pursuant to conversion of Deep Discount Debentures (DDD) into 32,675,297 equity shares of ₹ 1 each at a price of ₹ 19 per equity share (including a premium of ₹ 18 per equity share) on 25 March 2016 to Himadri Coke & Petro Limited, a related party, on preferential basis for consideration other than cash.

17. Other equity

| Components | Note | Amount in ₹ Lakhs | | | | | |
|---|------|-------------------|--------------------------|---------------|--------------|--------------------------|---------------|
| | | 1 April 2016 | Movement during the year | 31 March 2017 | 1 April 2015 | Movement during the year | 31 March 2016 |
| Capital reserve | a | 1,280.50 | - | 1,280.50 | 1,280.50 | - | 1,280.50 |
| Security premium reserve | b | 45,365.53 | - | 45,365.53 | 39,483.98 | 5,881.55 | 45,365.53 |
| Debenture redemption reserve | c | 3,535.71 | 678.56 | 4,214.27 | 5,009.64 | (1,473.93) | 3,535.71 |
| General reserve | d | 13,669.94 | - | 13,669.94 | 11,517.44 | 2,152.50 | 13,669.94 |
| Share option outstanding reserve | e | - | 25.40 | 25.40 | - | - | - |
| Retained earnings | f | 26,330.73 | 7,175.33 | 33,506.06 | 28,649.44 | (2,318.71) | 26,330.73 |
| Foreign currency monetary item translation difference account (FCMITDA) | g | - | - | - | (40.24) | 40.24 | - |
| Effective portion of cash flow hedge | h | (2,511.28) | 2,326.59 | (184.69) | (3,925.75) | 1,414.47 | (2,511.28) |
| Equity instruments through other comprehensive income | i | 239.00 | 5,509.67 | 5,748.67 | - | 239.00 | 239.00 |
| | | 87,910.13 | 15,715.55 | 103,625.68 | 81,975.01 | 5,935.12 | 87,910.13 |

A. The description, nature and purpose of each reserve within equity are as follows:

(a) Capital reserve: Capital reserves are mainly the reserves created by the Company on profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments.



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financial statements for the year ended 31 March 2017 (Continued)

(b) Security premium reserve: Security premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. Refer to note 16 for movement in equity share capital during the year.

(c) Debenture redemption reserve (DRR): The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (amended), requires the Company to create DRR out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued.

The movement is on account of following:

- (i) On conversion of Deep Discount Debentures into equity shares as mentioned above ₹ Nil (31 March 2016: ₹ 2,152.50 lakhs) lying in DRR was transferred to General reserve. The Company has complied with requisite provisions of the Act, as applicable.
- (ii) ₹ 678.56 lakhs (31 March 2016: ₹ 678.57 lakhs) was transferred from Retained earnings to DRR for the purpose of redemption of debentures.

(d) General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. On the conversion of DDD into equity shares as mentioned above, ₹ Nil (31 March 2016: ₹ 2,152.50 lakhs) lying in Debenture redemption reserve was transferred to General reserve.

(e) Share option outstanding reserve: The Company has a stock option scheme under which options to subscribe for the Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. Refer note 37 for further details of these plans.

(f) Retained earnings:

It comprise of accumulated profit/ (loss) of the Company. The movement is on account of following:

- (i) ₹ 8,117.37 lakhs (31 March 2016: ₹ (1,636.40 lakhs)) was on account of profit/ (loss) incurred by the Company.
- (ii) ₹ 678.56 lakhs (31 March 2016: ₹ 678.57 lakhs) was transferred to debenture redemption reserve for the purpose of redemption of debentures.
- (iii) ₹ 11.69 lakhs (31 March 2016: ₹ 3.74 lakhs) was on account of remeasurement of defined benefit liability/asset.
- (iv) ₹ 251.79 lakhs (31 March 2016: ₹ Nil) was on account of dividend distribution (inclusive of dividend distribution tax).

(g) Foreign currency monetary item translation difference account (FCMITDA): The movement is on account of following:

- (i) ₹ Nil (31 March 2016: ₹ 72.52 lakhs) was recognised on account of exchange loss on foreign currency convertible bonds/ foreign currency term loans.
- (ii) ₹ Nil (31 March 2016: ₹ 112.76 lakhs) was recognised on account of amortisation of exchange fluctuation.

(h) Effective portion of cash flow hedge: This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not yet occurred.

(i) Equity instruments through OCI: The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity instruments through OCI shown under the head other equity. The Company transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

B. Disaggregation of changes in items of OCI

| | Amount in ₹ Lakhs | | | |
|--|---------------------------------------|--------------------------------|-------------------|------------|
| Year ended 31 March 2016 | Effective portion of cash flow hedges | Equity instruments through OCI | Retained earnings | Total |
| Effective portion of gains/ (losses) on hedging instruments in cash flow hedges | 3,045.48 | - | - | 3,045.48 |
| Effective portion of gains/ (losses) on hedging instruments in cash flow hedges reclassified to profit or loss | (4,656.41) | - | - | (4,656.41) |
| Equity instruments through OCI - net change in fair value | - | 239.00 | - | 239.00 |
| Remeasurements of defined benefit liability/ (asset) | - | - | (3.74) | (3.74) |
| | (1,610.93) | 239.00 | (3.74) | (1,375.67) |

| | Amount in ₹ Lakhs | | | |
|--|---------------------------------------|--------------------------------|-------------------|----------|
| Year ended 31 March 2017 | Effective portion of cash flow hedges | Equity instruments through OCI | Retained earnings | Total |
| Effective portion of gains/ (losses) on hedging instruments in cash flow hedges | 168.36 | - | - | 168.36 |
| Effective portion of gains/ (losses) on hedging instruments in cash flow hedges reclassified to profit or loss | - | - | - | - |
| Equity instruments through OCI - net change in fair value | - | 5,509.67 | - | 5,509.67 |
| Remeasurements of defined benefit liability/ (asset) | - | - | (11.69) | (11.69) |
| | 168.36 | 5,509.67 | (11.69) | 5,666.34 |

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financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | Interest | Maturity | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|------------|-----------|------------------|---------------|--------------|
| 18. Borrowings | | | | | |
| See accounting policy in note 3(b) and (c)(i) - (ii) | | | | | |
| Non-current borrowings | | | | | |
| Bonds and debentures | | | | | |
| Nil (31 March 2016: Nil, 1 April 2015: 12,300) Deep discount debentures of ₹ 100,000 each (unsecured) | | | - | - | 12,300.00 |
| Less: Discount on issue of Deep discount debentures to the extent not written off or adjusted | | | - | - | 6,471.69 |
| | | | - | - | 5,828.31 |
| 500 (31 March 2016: 500, 1 April 2015: 500) 12.50% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured) | 12.50% | 2020-2021 | 5,000.00 | 5,000.00 | 5,000.00 |
| 2,500,000 (31 March 2016: 2,500,000, 1 April 2015: 2,500,000) 10% Redeemable non-convertible debentures of ₹ 400 each (secured) | 10.00% | 2020-2021 | 10,000.00 | 10,000.00 | 10,000.00 |
| 1,000 (31 March 2016: 1,000, 1 April 2015: 1,000) 9.60% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured) | 9.60% | 2020-2021 | 9,990.43 | 9,988.04 | 9,985.86 |
| Nil (31 March 2016: 70, 1 April 2015: 70) Foreign Currency Convertible Bonds of USD 100,000 each (unsecured) - refer note 18A(v) | | | - | 3,823.07 | 3,607.40 |
| | | | 24,990.43 | 28,811.11 | 34,421.57 |
| Term loans | | | | | |
| Rupee term loan (secured) | | | | | |
| From banks | | | 12,017.61 | 7,625.00 | 8,125.00 |
| Foreign currency loans (secured) | | | | | |
| From banks | | | 1,733.04 | 6,064.93 | 9,589.82 |
| From others | | | 2,640.66 | 3,867.03 | 4,686.95 |
| | | | 16,391.31 | 17,556.96 | 22,401.77 |
| Loan against vehicles and equipment (secured) | 9.3%-11.3% | 2017-2020 | 100.16 | 107.27 | 122.14 |
| Deferred payment liabilities | | | | | |
| Sales tax deferment (unsecured) | - | 2017-2018 | 61.42 | 163.88 | 204.97 |
| | | | 41,543.32 | 46,639.22 | 57,150.45 |
| Less: Current maturities of long-term debt (refer note 21) | | | 2,840.20 | 10,039.02 | 5,735.91 |
| | | | 38,703.12 | 36,600.20 | 51,414.54 |
| Current borrowings | | | | | |
| Secured | | | | | |
| From banks (Repayable on demand) | | | | | |
| Rupee loans | | | 10,389.48 | 21,398.35 | 23,357.81 |
| Foreign currency loans | | | 17,539.28 | 15,554.56 | 24,405.23 |
| | | | 27,928.76 | 36,952.91 | 47,763.04 |
| From others | | | | | |
| Rupee loan | | | 1,666.88 | - | - |
| Unsecured (rupee loan) | | | | | |
| From banks | | | 2,626.95 | 1,302.05 | 2,999.89 |
| From others (Repayable on demand) | | | 1,646.35 | 951.08 | - |
| | | | 33,868.94 | 39,206.04 | 50,762.93 |

Information about the Company's exposure to interest rate, currency and liquidity risks related to borrowings is disclosed in note 42.



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

A. Terms of repayment/ conversion/ redemption

(a) Bonds and Debentures

- (i) The Company, on 24 September 2001, had issued 12,300 Deep Discount Debentures ("DDD") of face value of ₹100,000 each to Himadri Coke & Petro Limited, aggregating to ₹ 12,300 lakhs at a discount of 90% on face value and were redeemable at par at the end of 20 years from the date of allotment. The DDD carried an implicit rate of interest of approximately 12.18% compounded annually. During the previous year, the terms of the existing DDD were amended to provide, inter alia, terms of conversion of the DDD into the equity shares of the Company. Accordingly, by way of approval of the shareholders by a special resolution, passed at the Extra Ordinary General meeting held on 22 March 2016, the above DDD were converted into 32,675,297 equity shares of ₹ 1 each at a price of ₹ 19 per equity share (including a premium of ₹ 18 per equity share) aggregating to ₹ 6,208.30 lakhs as per the valuation report of an independent qualified valuer. The above equity shares were allotted on 25 March 2016. On above conversion, ₹ 2,152.50 lakhs was transferred from Debenture redemption reserve to General reserve. The Company has complied with requisite provisions of the Companies Act, 2013 and SEBI, as applicable.
- (ii) The Company, on 29 October 2013, had issued 500 12.50% Redeemable Non-convertible Debentures of face value of ₹ 1,000,000 each aggregating ₹ 5,000 lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India.
- (iii) The Company, on 24 August 2010, had issued 2,500,000 10% Redeemable Non-convertible Debentures of face value of ₹ 400 each aggregating ₹ 10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India.
- (iv) The Company, on 28 June 2010, had issued 1,000 9.60% Redeemable Non-convertible Debentures of face value of ₹ 1,000,000 each aggregating ₹ 10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to ICICI Bank Limited. These debentures can be redeemed at par on or after 7 years from the date of allotment, at the option of the either party.
- (v) The Company, on 13 April 2009, had issued 70 Foreign Currency Convertible Bonds (FCCB) of face value of USD 100,000 each aggregating USD 70 lakhs to International Finance Corporation (IFC). As per the terms of the issue, the bond holder had an option of converting these bonds into equity shares within a period of 7 years from the date of issue at an initial conversion price of ₹ 13.50 per equity share of face value of ₹ 1 each at the foreign exchange rate prevailing on the date of conversion request. In case the conversion option is not exercised, the outstanding FCCB would be redeemed at par together with interest accrued at the rate of 6 months LIBOR + spread of 3.35% per annum accrued on a compounded 6 monthly basis. The FCCB Holder - IFC has intimated to the Company before 31 March 2016, not to exercise its option of conversion but to redeem the said FCCB on the due date. These FCCB were redeemed on 4 April 2016.

The above compound financial instruments contain put option with the investors which are exercisable at any time within a period of 7 years from the date of issue.

The above put option with the investor results in compound financial instrument being classified as a financial liability and derivative liability (embedded derivative) in accordance with *Ind AS 109: Financial Instruments*.

The clause contained in compound financial instruments may result in the entity issuing variable number of shares on conversion hence, represents a liability. Therefore, the embedded derivative has been separated from the host contract and has been measured at fair value on initial recognition and subsequently as well. The liability is assigned the residual amount after deducting from the fair value of the instrument as a whole, the amount determined for the derivative component. The sum of the carrying amounts assigned to the liability and derivative contracts components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognising the components of the instrument separately.

The liability component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the embedded derivative. Subsequent to initial recognition at fair value, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. Separable embedded derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Fair value of the derivatives has been determined on the inception using the Black-Scholes Merton model. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted through Standalone Statement of Profit and Loss.

As on transition date i.e. 1 April 2015, the compound instrument has been separated as follows:

| Separation of embedded derivative | Amount in ₹ Lakhs |
|---|-------------------|
| Fair value of the contract as a whole | 4,216.06 |
| Less: Fair value of the embedded derivative liability | (608.66) |
| Liability component | 3,607.40 |

Subsequently, the FCCB Holder - IFC has intimated to the Company before 31 March 2016, not to exercise its option of conversion but to redeem the said FCCB on the due date.

Pursuant to such intimation, the Company concluded that the financial instruments would no longer meet the criteria to be classified as a financial liability and embedded derivative since the bonds would be redeemed by the holders and will not be converted into equity shares of the Company. Accordingly, the embedded derivatives feature got extinguished and entire instrument has been accounted as financial liability.

The Gain on extinguishment of embedded derivative amounting to ₹ 287.81 lakhs was recognised in the Standalone Statement of Profit and Loss for the year ended 31 March 2017.

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

(b) Term loans

Amount in ₹ Lakhs

| Name of the lender | Interest | Repayment schedule | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|----------------------|---|-----------------|---------------|--------------|
| (i) Rupee term loans | | | | | |
| Axis Bank Limited [₹ 7,050.00 lakhs (31 March 2016: ₹ 7,625.00 lakhs, 1 April 2015: ₹ 8,125.00 lakhs)] | Base rate +1.00% | "Repayable at quarterly rest: 5 of ₹ 150.00 4 of ₹ 250.00 8 of ₹ 300.00 8 of ₹ 362.50 | 7,050.00 | 7,625.00 | 8,125.00 |
| State Bank of India [₹ 4,967.61 lakhs (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil)] | Base rate +2.70% | Repayable at quarterly rest: 12 of ₹ 125.00 4 of ₹ 150.00 4 of ₹ 200.00 8 of ₹ 212.50 1 of ₹ 400.00 | 4,967.61 | - | - |
| (ii) Foreign currency term loans | | | | | |
| ICICI Bank Limited [JPY 3,013.89 lakhs (31 March 2016: JPY 3,875.00 lakhs, 1 April 2015: JPY 4,736.11 lakhs)] | 6m JPY Libor + 2.00% | JPY 430.56 - repayable in 7 half yearly rest | 1,733.04 | 2,268.44 | 2,440.09 |
| The Hongkong and Shanghai Banking Corporation Limited [USD Nil (31 March 2016: USD 37.50 lakhs, 1 April 2015: USD 75.00 lakhs)] | - | - | - | 2,487.62 | 4,679.78 |
| DBS Bank Limited [USD Nil (31 March 2016: USD 20.00 lakhs, 1 April 2015: USD 40.00 lakhs)] | - | - | - | 1,308.87 | 2,469.95 |
| International Finance Corporation [USD 15.00 lakhs (31 March 2016: USD 25.00 lakhs, 1 April 2015: USD 35.00 lakhs)] | 6m Libor + 3.80% | USD 5.00 - repayable in 3 half yearly rest | 971.09 | 1,658.45 | 2,173.41 |
| DEG- Deutsche Investitionsund Entwicklungsgesellschaft MBH [USD 26.25 lakhs (31 March 2016: USD 33.75 lakhs, 1 April 2015: USD 41.25 lakhs)] | 3m Libor + 3.35% | USD 1.88 - repayable in 14 quarterly rest | 1,669.57 | 2,208.58 | 2,513.54 |

(iii) The Company had been granted sales tax deferment by the Government of Andhra Pradesh under the "Target 2000 - New Industrial Policy". The same is repayable from the end of the 14th year without payment of interest during the period from August 2014 to October 2017. During the current year, the Company has made repayment of ₹ **102.46 lakhs** (31 March 2016: ₹ 41.09 lakhs, 1 April 2015: ₹ 65.03 lakhs).

(iv) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

B. Details of security

- 12.50% Redeemable Non-convertible Debentures and 10% Redeemable Non-convertible Debentures issued to Life Insurance Corporation of India and 9.60% Redeemable Non-convertible Debentures issued to ICICI Bank Limited, aggregating to ₹ 25,000 lakhs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist - Mahsana (Gujarat), First Pari Passu charge on immovable properties (Leasehold Land) situated at Mahistikry and hypothecation of all movable property, plant and equipment (including plant and equipment) of the Company in favour of Axis Trustee Services Limited, being the trustee of the Debenture Holders.
- Rupee term loans from Axis Bank Limited, State Bank of India, Foreign currency borrowings from International Finance Corporation (IFC), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and DBS Bank Limited (DBS) are secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable property, plant and equipment (including plant and equipment) on pari passu basis with other lenders. Further rupee term loan from State Bank of India being personally guaranteed by the promoter directors of the Company.
- Foreign currency borrowings from DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH and ICICI Bank Limited are secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable property, plant and equipment (including plant and equipment) situated at Mahistikry on pari passu basis with other lenders.
- Loans against vehicles and equipment are secured by way of hypothecation of the underlying asset financed.
- Working capital loans from banks aggregating to ₹ **29,595.64 lakhs** (31 March 2016: ₹ 36,952.91 lakhs, 1 April 2015:



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

₹ 47,763.04 lakhs) are secured by hypothecation of current assets of the Company both present and future on pari passu basis. Further, working capital loan from bank aggregating to ₹ 2,655.47 lakhs (31 March 2016: ₹ 1,651.64 lakhs, 1 April 2015: ₹ Nil) is also secured by subservient charge on plant and machinery of the Company. These loans include ₹ 1,038.19 lakhs (31 March 2016: ₹ 2,072.44 lakhs, 1 April 2015 ₹ 4,431.12 lakhs), being personally guaranteed by the promoter directors of the Company.

Further, working capital loans from banks aggregating to ₹ 16,866.33 lakhs (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil) are second hypothecation charge over entire movable property, plant and equipment of the Company and second mortgage charge over the immovable properties at Liluah and Mahistikry in West Bengal and Vishakhapatnam, on a pari passu basis with other lender. The management is under process of creating a charge.

| | Amount in ₹ Lakhs | | |
|---|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 19. Trade payables | | | |
| Dues to micro enterprises and small enterprises (to the extent identified with available information) (refer note 48) | 187.69 | 313.07 | 99.02 |
| Trade payables (other than micro enterprises and small enterprises) | 14,743.69 | 8,541.25 | 9,079.00 |
| | 14,931.38 | 8,854.32 | 9,178.02 |
| Non-current | - | - | 20.56 |
| Current | 14,931.38 | 8,854.32 | 9,157.46 |
| | 14,931.38 | 8,854.32 | 9,178.02 |

Information about the Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 42.

| | Amount in ₹ Lakhs | | |
|---|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 20. Derivatives | | | |
| See accounting policy in note 3(c)(v) | | | |
| Foreign exchange forward/ interest rate swap contracts used for hedging | 184.69 | 2,511.28 | 3,925.75 |
| Other foreign exchange forward/ interest rate swap/ option contracts | 5,292.03 | 3,677.12 | 6,935.09 |
| | 5,476.72 | 6,188.40 | 10,860.84 |
| Non-current | 882.32 | 5,943.01 | 5,764.15 |
| Current | 4,594.40 | 245.39 | 5,096.69 |
| | 5,476.72 | 6,188.40 | 10,860.84 |

Information about the Company's exposure to interest rate and currency risks related to derivatives is disclosed in note 42.

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 21. Other financial liabilities | | | |
| Non-current | | | |
| Interest accrued but not due on borrowings | - | - | 1,169.27 |
| Other payables | 25.77 | 25.77 | 25.77 |
| | 25.77 | 25.77 | 1,195.04 |
| Current | | | |
| Current maturities of long-term debts (refer note 18) | 2,840.20 | 10,039.02 | 5,735.91 |
| Interest accrued but not due on borrowings | 598.76 | 2,870.66 | 707.10 |
| Investor Education and Protection fund, will be credited with the following amount (as and when due) | | | |
| - Unclaimed dividend | 29.12 | 33.22 | 47.35 |
| Liability for capital goods | 139.33 | 82.60 | 126.07 |
| Financial guarantee liability | 0.70 | 21.75 | 40.27 |
| Other payables | 358.67 | 60.70 | 48.66 |
| | 3,966.78 | 13,107.95 | 6,705.36 |

(a) There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2017.

(b) Other payables includes amount due towards Employee benefits expense and Security deposits.

(c) Information about the Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 42.

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|---------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 22. Provisions | | | |
| See accounting policies in note 3(g) and (h) | | | |
| Provisions for employee | | | |
| Net defined benefit liability - Gratuity (refer note 36) | 100.44 | 75.43 | 56.91 |
| Liability for compensated absences | 18.19 | 15.35 | 21.01 |
| Total provisions for employee benefits (A) | 118.63 | 90.78 | 77.92 |
| Other provisions | | | |
| Provision for litigation | | | |
| Balance at the beginning of the year | 78.42 | 78.42 | 78.42 |
| Provisions made during the year | - | - | - |
| Provision reversed/ utilised | - | - | - |
| Balance at the end of the year | 78.42 | 78.42 | 78.42 |
| Total other provisions (B) | 78.42 | 78.42 | 78.42 |
| Total provisions (A+B) | 197.05 | 169.20 | 156.34 |
| Non-current | 178.86 | 102.93 | 78.42 |
| Current | 18.19 | 66.27 | 77.92 |
| | 197.05 | 169.20 | 156.34 |

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, the Company as a prudent measure had made provisions in the earlier year amounting to ₹ 78.42 lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities. The carrying amount at the beginning of the year was ₹ 78.42 lakhs, provision of ₹ Nil made during the year and the closing amount of ₹ 78.42 lakhs is carried forward at the end of the year and neither the amount has been used nor the used amount reversed during the year under audit.

| | Amount in ₹ Lakhs | | |
|---|-------------------|-----------------|-----------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 23. Other current liabilities | | | |
| Statutory dues | 2,533.37 | 1,917.73 | 2,540.87 |
| Income tax liabilities | 309.01 | - | - |
| [net of advance tax ₹ 2,335.44 (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil)] | | | |
| Advance from customers | 634.31 | 480.62 | 82.84 |
| | 3,476.69 | 2,398.35 | 2,623.71 |

| | Amount in ₹ Lakhs | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| 24. Revenue from operations | | |
| See accounting policies in note 3(i) and (j) | | |
| Sale of products (including excise duty) (A) | 146,557.40 | 128,995.18 |
| Other operating revenue | | |
| - Job work charges | - | 22.59 |
| - Government grants (refer note 51) | 557.06 | - |
| - Export incentives | 10.96 | 60.33 |
| Total other operating revenue (B) | 568.02 | 82.92 |
| Total revenue from operations (A+B) | 147,125.42 | 129,078.10 |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| 25. Other income | | |
| Interest Income under the effective interest method on: | | |
| - Interest on fixed deposits with banks | 190.99 | 256.15 |
| - Income from related party: | | |
| - On loan given to a wholly owned subsidiary | 49.70 | 34.50 |
| - On FCD of a wholly owned subsidiary | 120.00 | 120.00 |
| - On guarantee provided to a subsidiary | 36.76 | 66.46 |
| - Unwinding of discount on security deposits and others | 166.63 | 267.55 |
| Dividend income on equity securities at FVOCI | 0.22 | 0.38 |
| Gain on sale of current investments at FVTPL | 29.57 | 51.63 |
| Insurance claims | 27.94 | 71.42 |
| Net gain on sale of property, plant and equipment | 39.21 | 3.82 |
| Gain on fair valuation of investments at FVTPL | 65.56 | 148.96 |
| Miscellaneous income | 63.29 | 74.14 |
| | 789.87 | 1,095.01 |

| | Amount in ₹ Lakhs | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| 26. Cost of materials consumed | | |
| Inventory of raw materials at the beginning of the year | 7,042.72 | 6,186.31 |
| Add: Purchases | 96,331.09 | 78,621.14 |
| | 103,373.81 | 84,807.45 |
| Less: Inventory of raw materials at the end of the year | 15,321.01 | 7,042.72 |
| Cost of materials consumed | 88,052.80 | 77,764.73 |

| | Amount in ₹ Lakhs | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| 27. Change in inventories of finished goods and work-in-progress | | |
| See accounting policy in note 3(e) | | |
| Opening inventories | | |
| Finished goods | 13,805.83 | 18,885.89 |
| Work-in-progress | 8,726.72 | 8,980.44 |
| | 22,532.55 | 27,866.33 |
| Closing inventories | | |
| Finished goods | 13,672.78 | 13,805.83 |
| Work-in-progress | 8,213.90 | 8,726.72 |
| | 21,886.68 | 22,532.55 |
| | 645.87 | 5,333.78 |

| | Amount in ₹ Lakhs | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| 28. Employee benefits expense | | |
| See accounting policy in note 3(g) | | |
| Salaries, wages and bonus | 3,073.81 | 2,546.28 |
| Contribution to provident and other funds | 140.60 | 121.30 |
| Gratuity (refer note 36) | 28.80 | 34.72 |
| Share based payments- Equity settled (refer note 37) | 25.40 | - |
| Staff welfare expenses | 316.78 | 259.15 |
| | 3,585.39 | 2,961.45 |

Salaries, wages and bonus includes ₹ 256.35 lakhs (31 March 2016: ₹ 239.74 lakhs) relating to outsource manpower cost.

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| 29. Finance costs | | |
| See accounting policy in note 3(n) | | |
| Interest expense on financial liabilities measured at amortised cost | 7,410.05 | 8,974.27 |
| Amortisation of discount on deep discount debentures | - | 379.99 |
| Exchange difference regarded as an adjustment to borrowing costs | 75.05 | 1,168.65 |
| Other borrowing costs | 562.35 | 475.85 |
| | 8,047.45 | 10,998.76 |

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| 30. Other expenses | | |
| Consumption of stores and spares | 357.31 | 410.88 |
| Power and fuel * [refer note (a) below] | 1,125.89 | 766.71 |
| Excise duty related to increase/ (decrease) in inventory of finished goods | (166.99) | (761.66) |
| Rent | 443.44 | 456.65 |
| Rates and taxes | 539.78 | 378.77 |
| Repairs to *: | | |
| - Building | 63.23 | 62.40 |
| - Plant and equipment | 1,457.59 | 1,128.47 |
| - Others | 379.69 | 326.15 |
| Payment to auditors' [refer note (b) below] | 50.91 | 55.98 |
| Rebates and discounts | 238.80 | 134.70 |
| Insurance | 173.76 | 223.95 |
| Packing expenses | 1,372.07 | 1,289.66 |
| Freight and forwarding expenses | 5,803.91 | 5,789.81 |
| Commission on sales | 934.55 | 920.75 |
| Expenditure on corporate social responsibility (refer note 47) | 14.70 | 24.16 |
| Miscellaneous expenses | 2,646.55 | 2,619.78 |
| | 15,435.19 | 13,827.16 |
| | 1,275.79 | 1,042.90 |

* includes stores and spares consumed.

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| (a) Power and fuel includes expenses incurred on operation of the power plant | | |
| Consumption of stores and spares | 96.96 | 70.94 |
| Repairs and maintenance | 126.06 | 69.68 |
| Other operational expenses | 16.15 | 69.27 |
| | 239.17 | 209.89 |

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------------|-----------------------------|-----------------------------|
| (b) Payment to auditors' | | |
| As auditors': | | |
| - Statutory audit | 30.50 | 31.00 |
| - Tax audit | - | 2.00 |
| - Limited review of quarterly results | 6.00 | 9.00 |
| In other capacity: | | |
| - Other services | 10.38 | 10.79 |
| Reimbursement of expenses | 4.03 | 3.19 |
| | 50.91 | 55.98 |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

| | | Amount in ₹ Lakhs | |
|---|--|-------------------|------------------|
| | | 31 March 2017 | 31 March 2016 |
| 31. Income taxes | See accounting policy in note 3(m) | | |
| A. Amount recognised in profit or loss | | | |
| | Current tax | | |
| | Current period | 2,644.45 | - |
| | Changes in respect of current income tax of previous year | - | (5.31) |
| | MAT credit (entitlement)/ reversal | (2,644.45) | - |
| | (a) | - | (5.31) |
| | Deferred tax charge/ (credit) | | |
| | Attributable to- | | |
| | Origination and reversal of temporary differences | 4,222.76 | (446.51) |
| | (b) | 4,222.76 | (446.51) |
| | Tax expense reported in the Standalone Statement of Profit and Loss [(a)+(b)] | 4,222.76 | (451.82) |
| B. Income tax recognised in other comprehensive income | | | |
| | Deferred tax related to items recognised in other comprehensive income during the year | | |
| | Tax income on net loss on remeasurements of defined benefit plans | 6.19 | 1.98 |
| | Income tax expense reported in the Standalone Statement of Profit and Loss | 6.19 | 1.98 |
| C. Reconciliation of effective tax rate for the year ended 31 March 2017 | | | |
| | | Percentage | Amount |
| | Profit before tax | | 12,340.13 |
| | Tax using the Indian tax rate | 34.61% | 4,270.67 |
| | Effects of the amount which are not deductible in calculating taxable income | | |
| | Non - deductible expenses for tax purposes | 0.64% | 79.06 |
| | Tax exempt income/ Additional deduction as per income tax | (1.03%) | (126.97) |
| | Changes in estimates related to prior years | 0.00% | - |
| | Effective tax rate | 34.22% | 4,222.76 |
| | Reconciliation of effective tax rate for the year ended 31 March 2016 | | |
| | | Percentage | Amount |
| | Loss before tax | | (2,088.22) |
| | Tax using the Indian tax rate | 34.61% | (722.69) |
| | Effects of the amount which are not deductible in calculating taxable income | | |
| | Non - deductible expenses for tax purposes | (12.88%) | 268.95 |
| | Tax exempt income / Additional deduction as per income tax | (0.35%) | 7.23 |
| | Changes in estimates related to prior years | 0.25% | (5.31) |
| | Effective tax rate | 21.64% | (451.82) |

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

D. Recognised deferred tax assets and liabilities

Amount in ₹ Lakhs

| | Balance as on 1 April 2016 | (Charged) / credited to profit or loss | Charged / (credited) to OCI | Balance as on 31 March 2017 |
|-------------------------------|----------------------------|--|-----------------------------|-----------------------------|
| Property, plant and equipment | 18,736.42 | 1,778.01 | - | 20,514.43 |
| Trade receivables | (147.81) | 3.73 | - | (144.08) |
| Loans | (49.51) | (29.29) | - | (78.80) |
| Other assets | (16.18) | - | - | (16.18) |
| Borrowings | (215.56) | 11.80 | - | (203.76) |
| Other financial liabilities | (2,032.22) | 73.23 | - | (1,958.99) |
| Provisions | (29.12) | - | (6.19) | (35.31) |
| Tax losses carried forward | (11,488.32) | 2,385.28 | - | (9,103.04) |
| | 4,757.70 | 4,222.76 | (6.19) | 8,974.27 |

| | Balance as on 1 April 2015 | (Charged) / credited to profit or loss | Charged / (credited) to OCI | Balance as on 31 March 2016 |
|-------------------------------|----------------------------|--|-----------------------------|-----------------------------|
| Property, plant and equipment | 17,727.14 | 1,009.28 | - | 18,736.42 |
| Trade receivables | (193.76) | 45.95 | - | (147.81) |
| Loans | (63.40) | 13.89 | - | (49.51) |
| Other assets | (16.18) | - | - | (16.18) |
| Borrowings | 27.99 | (243.55) | - | (215.56) |
| Other financial liabilities | (3,023.80) | 991.58 | - | (2,032.22) |
| Provisions | (27.14) | - | (1.98) | (29.12) |
| Tax losses carried forward | (9,224.66) | (2,263.66) | - | (11,488.32) |
| | 5,206.19 | (446.51) | (1.98) | 4,757.70 |

32. Earnings/ (loss) per share (EPS) (Ind AS 33)

See accounting policy in note 3(t)

A. Basic earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|--------------------------|--------------------------|
| (i) Profit/ (loss) attributable to equity shareholders (basic) | | |
| Profit/ (loss) for the year, attributable to the equity holders | 8,117.37 | (1,636.40) |
| (ii) Weighted average number of equity shares (basic) | | |
| At the beginning of the year | 418,407,867 | 385,732,570 |
| Impact of new issue of equity shares | - | 626,650 |
| Weighted average number of equity shares (basic) for the year | 418,407,867 | 386,359,220 |
| Basic earnings/ (loss) per share [(i)/ (ii)] | 1.94 | (0.42) |

B. Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|--------------------------|--------------------------|
| (i) Profit/ (loss) attributable to equity shareholders (diluted) | | |
| Profit/ (loss) for the year, attributable to the equity shareholders (diluted) | 8,117.37 | (1,636.40) |
| (ii) Weighted average number of equity shares (diluted) | | |
| Weighted average number of equity shares (basic) | 418,407,867 | 386,359,220 |
| Effect of Potential equity shares to be issued | - | - |
| Weighted average number of equity shares (diluted) for the year | 418,407,867 | 386,359,220 |
| Diluted earnings/ (loss) per share [(i)/ (ii)] | 1.94 | (0.42) |

The Foreign Currency Convertible Bonds (FCCB) had not been considered in the previous year, for the purpose of calculation of diluted EPS, since the FCCB holder had intimated the Company not to exercise its option to convert but to redeem the same on the due date prior to 31 March 2016.

For the current year ended 31 March 2017, 1,304,600 number of employee stock options has an anti dilutive effect.



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 33. Contingent liability and commitments (Ind AS 37) <i>(to the extent not provided for)</i> | | | |
| a) Claim against the Company not acknowledged as debt | | | |
| (i) Sales tax/VAT matters in dispute/ under appeal | 3,100.36 | 3,480.60 | 3,319.73 |
| (ii) Excise/ Service Tax matters in dispute/under appeal | 1,228.00 | 1,409.53 | 535.29 |
| (iii) Custom matter in dispute/ under appeal | 28.83 | 28.83 | 28.83 |
| (iv) Entry tax in dispute/ under appeal - West Bengal | 3,427.55 | 2,814.09 | 2,244.53 |
| (v) Entry tax in dispute/ under appeal - Chhattisgarh | 426.65 | 353.25 | 343.05 |
| (vi) Income tax in dispute/ under appeal | 633.81 | 633.81 | 59.54 |
| b) Capital and other commitments | | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 1,092.40 | 291.19 | 1,332.82 |
| (ii) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG) | 4,371.37 | 0.47 | 1,333.65 |
| c) Guarantee outstanding | | | |
| Standby letter of credit issued on behalf of the Company to secure the financial assistance to its subsidiary | 1,945.16 | 3,352.02 | 3,805.52 |

Claim against the Company not acknowledged as debt:

Cash outflows for the above are determinable only on receipt of judgments pending at various forums/ authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

Entry tax in dispute/ under appeal - West Bengal:

The Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the management, there is a strong merit of the case; hence the Company has not made provision for entry tax liability in the books for the current year and during the earlier years.

Guarantee outstanding:

The Company had issued corporate guarantee in favour of Banker on behalf of its one step down subsidiary - AAT Global Limited for the purpose of availing working capital loan. This corporate guarantee was issued in USD.

34. Operating leases (Ind AS 17)

See accounting policy in note 3(k)

(a) Future minimum lease rentals payable under non cancellable operating lease

The Company has taken certain commercial premises under non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

| | Amount in ₹ Lakhs | |
|---|-------------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| Not later than one year | 1.92 | 1.92 |
| Later than one year and not later than five years | 7.68 | 7.68 |
| More than five years | 16.96 | 18.88 |

(b) The Company has taken various commercial premises and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry. Lease payments recognised in Standalone Statement of Profit and Loss with respect to operating leases ₹ 187.34 lakhs (31 March 2016: ₹ 218.31 lakhs) has been included as rent in note 30 'Other expenses'.

35. Research and development expenses

See accounting policy in note 3(p)

Research and development expenses aggregating to ₹ 257.44 lakhs (31 March 2016: ₹ 238.20 lakhs) in the nature of revenue expenditure and ₹ 94.56 lakhs (31 March 2016: ₹ Nil) in the nature of capital expenditure have been included under the relevant account heads.

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---------------|---------------|--------------|
| 36. Assets and Liabilities relating to employee benefits (Ind AS 19) | | | |
| See accounting policy in note 3(g) | | | |
| Statement of Assets and Liabilities for defined benefit obligation | | | |
| Net defined benefit asset - Gratuity Plan | 127.02 | 102.92 | 87.02 |
| Net defined benefit obligation - Gratuity Plan | (227.46) | (178.35) | (143.93) |
| Total employee benefit liabilities | (100.44) | (75.43) | (56.91) |
| Non-current | (100.44) | (24.51) | - |
| Current | - | (50.92) | (56.91) |

For details about the related employee benefit expenses, refer note 28

Defined contribution

The expense for defined contribution plans amounted to ₹ 133.39 lakhs and ₹ 116.20 lakhs for the year ended 31 March 2017 and 31 March 2016 respectively. Out of these, ₹ 103.30 lakhs (31 March 2016: ₹ 88 lakhs) pertains to provident fund plan and ₹ 30.09 lakhs (31 March 2016: ₹ 28.20 lakhs) pertains to superannuation fund plan.

Defined benefits - Gratuity

The Company's gratuity benefit scheme for its employees in India is a defined benefit plan (funded).

The Company provides for gratuity from employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimation of expected gratuity payments.

These defined benefit plans expose the Company to actuarial risks, such as currency risk, interest risk and market (investment) risk.

The Company expects to pay ₹ 100.44 lakhs in contribution to its defined benefit plans during the year 2017-18.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Standalone Statement of Profit and Loss, actuarial assumptions and other information.

Reconciliation of the net defined benefit (asset)/ liability:

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| (i) Reconciliation of present value of defined benefit obligation | | |
| (a) Balance at the beginning of the year | 178.35 | 143.93 |
| (b) Current service cost | 23.63 | 31.18 |
| (c) Interest cost | 13.99 | 10.94 |
| (d) Actuarial (gains)/ losses recognised in other comprehensive income | 18.46 | 6.58 |
| (e) Benefits paid | (6.97) | (14.28) |
| Balance at the end of the year | 227.46 | 178.35 |
| (ii) Reconciliation of present value of plan assets | | |
| (a) Balance at the beginning of the year | 102.92 | 87.02 |
| (b) Interest income | 8.82 | 7.40 |
| (c) Actual return on plan asset less interest on plan asset | 0.58 | 0.87 |
| (d) Contributions by the employer | 21.67 | 21.91 |
| (e) Benefits paid | (6.97) | (14.28) |
| Balance at the end of the year | 127.02 | 102.92 |
| (iii) Net asset/ (liability) recognised in the Standalone Balance Sheet | | |
| (a) Present value of defined benefit obligation | (227.46) | (178.35) |
| (b) Fair value of plan assets | 127.02 | 102.92 |
| Net defined benefit obligations in the Standalone Balance Sheet | (100.44) | (75.43) |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

Reconciliation of the net defined benefit (asset)/ liability (Continued)

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| (iv) Expense recognised in Standalone Profit or Loss | | |
| (a) Current service cost | 23.63 | 31.18 |
| (b) Interest cost | 13.99 | 10.94 |
| (c) Expected return on plan assets | (8.82) | (7.40) |
| Amount charged to Standalone Profit or Loss | 28.80 | 34.72 |
| (v) Remeasurements recognised in Standalone Other Comprehensive Income | | |
| (a) Actuarial loss/ (gain) arising on defined benefit obligation from | | |
| - financial assumptions | 16.43 | - |
| - experience adjustment | 2.03 | 6.58 |
| (b) Actual return on plan asset less interest on plan asset | (0.58) | (0.87) |
| Amount recognised in Standalone Other Comprehensive Income | 17.88 | 5.71 |
| (vi) Sensitivity analysis | | |
| Defined benefit obligation on discount rate plus 50 basis points | (11.94) | 169.02 |
| Defined benefit obligation on salary growth rate plus 50 basis points | 11.92 | 187.82 |
| Defined benefit obligation on discount rate minus 50 basis points | 13.10 | 188.62 |
| Defined benefit obligation on salary growth rate minus 50 basis points | (11.10) | 169.70 |
| (vii) Actuarial assumptions | | |
| Principal actuarial assumptions at the reporting date (expressed as weighted averages) | | |
| Discount rate | 7.30% | 8.00% |
| Expected rate of salary increase | 6.00% | 6.00% |
| Retirement age (years) | 60 | 60 |
| Attrition rate based on different age group of employees | 1% | 1% |
| Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08). | | |
| (viii) Weighted average duration of defined benefit obligation | 13 years | 14 years |

37. Share based payments (Ind AS 102)

See accounting policy in note 3(g)(ii)

A. Description of share-based payment arrangement

At 31 March 2017, the Company has the following share based payment arrangement:

Himadri Employees Stock Option Plan 2016 (equity settled)

The Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act, 2013 for the time being in force. The Committee has granted 1,304,600 options to its employees on 5 January 2017 under the approved ESOP 2016 Plan to be exercised at a price of ₹ 19 per share. The options are vested after 1 year but not later than 5 years from the the date of grant of options, and the said options can be exercised any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan. The quantum of options to be vested periodically are specified in grant letters issued to each employees. The key terms and conditions related to the grants under this plan are as follows; all options are to be settled by the delivery of shares.

| Grant date/ employees entitled | Number of instruments | Vesting conditions | Contractual life of options |
|---|-----------------------|---|-----------------------------|
| Option granted to certain eligible employees including certain key management personnel on 5 January 2017 | 1,304,600 | Time basis, Company performance and individual performance as specified in the grant letter | 5 years |
| Total number of share options granted | 1,304,600 | | |

B. Measurement of fair values

Equity settled share based payment arrangements

The fair value of employee share options, see (A) above, has been measured using Black Scholes Merton Model.

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity settled share based payment plans are as follows:

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

| Particulars | ESOP 2016 (see A above) | |
|---|-------------------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| Fair value at grant date | ₹ 24.71 | ₹ Nil |
| Share price at grant date | ₹ 36.70 | ₹ Nil |
| Exercise price | ₹ 19.00 | ₹ Nil |
| Expected volatility* (weighted average volatility) | 58% | Nil |
| Expected life (expected weighted average life) | 4.15 years | Nil |
| Expected dividends** | 0.27% | Nil |
| Risk-free interest rate (based on government bonds) | 6.5% | Nil |

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Expected life of the Options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

Weighted Average Fair value of the options granted during the year is ₹ 325.40 lakhs (31 March 2016: ₹ Nil).

* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

** Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

| Particulars | Weighted average exercise price | Number of options in lakhs | Weighted average exercise price | Number of options in lakhs |
|-----------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | 31 March 2017 | 31 March 2017 | 31 March 2016 | 31 March 2016 |
| Outstanding at 1 April | ₹ Nil | ₹ Nil | - | - |
| Share price at grant date | ₹ 36.70 | ₹ Nil | - | - |
| Exercised during the period | ₹ Nil | ₹ Nil | - | - |
| Granted during the period | ₹ 19.00 | ₹ 13.05 | - | - |
| Outstanding at 31 March | ₹ 19.00 | ₹ 13.05 | - | - |
| Exercisable at 31 March | ₹ Nil | ₹ Nil | - | - |

The options outstanding at 31 March 2017 have an exercise price of ₹ 19 (31 March 2016: ₹ Nil) per share and a weighted average remaining contractual life of 4.15 years (31 March 2016: Nil).

D. Expense recognised in Statement of Profit and Loss

During the year ended 31 March 2017, the Company has charged ₹ 25.40 lakhs as share based payment equity settled expenses and the first vesting date will be 31 August 2018, refer note 28.

38. Related party disclosure (Ind AS 24)

A. List of related parties where control exists

| Name of the related party | Principal place of business | % Shareholding and voting power | | |
|---|-----------------------------|---------------------------------|---------------|--------------|
| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Equal Commodore Private Limited (ECPL), Wholly owned subsidiary | India | 100 | 100 | 100 |
| AAT Global Limited (AAT), Wholly owned subsidiary of ECPL | Hongkong | 100 | 100 | 100 |
| Shandong Dawn Himadri Chemical Industry Limited (SDHCIL), Subsidiary of AAT | China | 94 | 94 | 94 |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

B. Other related parties with whom transactions have taken place during the year

| Name of the related parties | Relationship |
|---|--|
| Mr. Bankey Lal Choudhary, Managing Director | Key Management Personnel (KMP) |
| Mr. Shyam Sundar Choudhary, Executive Director | Key Management Personnel (KMP) |
| Mr. Vijay Kumar Choudhary, Executive Director | Key Management Personnel (KMP) |
| Mr. Pavninder Singh, Nominee Director (Non-Executive) of BC India Investments (resigned effective 11 January 2017) | Key Management Personnel (KMP) |
| Ms Rita Bhattacharya, Nominee Director (Non-Executive) of LICl | Key Management Personnel (KMP) |
| Mr. Anurag Choudhary, Chief Executive Officer | Key Management Personnel (KMP) |
| Mr. Amit Choudhary, President - Projects | Key Management Personnel (KMP) |
| Mr. Tushar Choudhary, President - Operations | Key Management Personnel (KMP) |
| Mr. Kamlesh Kumar Agarwal - Chief Financial Officer | Key Management Personnel (KMP) |
| Mr. Bajrang Lal Sharma - Company Secretary | Key Management Personnel (KMP) |
| Mr. Damodar Prasad Choudhary, Chairman Emeritus | Relative of KMPs |
| Mrs.Sushila Devi Choudhary | Relative of KMPs (wife of Mr.Damodar Prasad Choudhary) |
| Mrs.Sheela Devi Choudhary | Relative of KMPs (wife of Mr.Shyam Sundar Choudhary) |
| Mrs.Saroj Devi Choudhary | Relative of KMPs (wife of Mr.Bankey Lal Choudhary) |
| Mrs.Kanta Devi Choudhary | Relative of KMPs (wife of Mr.Vijay Kumar Choudhary) |

C. Enterprises controlled by the Key Managerial Personnel or their relatives

Himadri Credit & Finance Limited
Himadri Coke & Petro Limited
Himadri Industries Limited
Sri Agro Himghar Limited
Himadri e-Carbon Limited

D. Entities with significant influence over the Company

BC India Investments
Himadri Dyes & Intermediates Limited

E. The following transactions were carried out with related parties in the ordinary course of business

| Name of the related party | Nature of transaction | Amount in ₹ Lakhs | |
|---|--|-----------------------------|-----------------------------|
| | | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Equal Commoddeal Private Limited | Loan given | 154.45 | 200.00 |
| | Interest on loan given | 49.70 | 34.50 |
| | Interest on FCD | 120.00 | 120.00 |
| Himadri Coke & Petro Limited | Conversion of Deep Discount Debentures of Himadri Coke & Petro Limited | | |
| | (a) into equity shares | - | 326.75 |
| | (b) Securities premium on above equity shares | - | 5,881.55 |
| AAT Global Limited | Discount written off on Deep Discount Debentures | - | 379.99 |
| | Purchases | 20,577.01 | 3,005.24 |
| | Payment for supplies | 20,018.02 | 3,651.09 |
| Shandong Dawn Himadri Chemical Industry Limited | Guarantee fee | 36.76 | 66.46 |
| | Reimbursement of expenses | 1.68 | - |
| Himadri Dyes & Intermediates Limited | Rent paid | 0.07 | 0.07 |
| Himadri Industries Limited | Rent paid | 0.07 | 0.07 |
| Sri Agro Himghar Limited | Rent paid | 0.04 | 0.04 |
| Mr. Bankey Lal Choudhary | Remuneration | 60.68 | 60.68 |
| Mr. Shyam Sundar Choudhary | Remuneration | 60.68 | 60.68 |
| Mr. Vijay Kumar Choudhary | Remuneration | 60.00 | 60.00 |
| Mr. Anurag Choudhary | Remuneration | 73.80 | 73.80 |
| Mr. Amit Choudhary | Remuneration | 73.80 | 73.80 |
| Mr. Tushar Choudhary | Remuneration | 73.80 | 73.80 |
| Mr. Kamlesh Kumar Agarwal | Remuneration | 35.16 | 26.71 |
| Mr. Bajrang Lal Sharma | Remuneration | 14.94 | 13.04 |

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

| Name of the related party | Nature of transaction | Amount in ₹ Lakhs | |
|--------------------------------------|-----------------------|-----------------------------|-----------------------------|
| | | Year ended 31 March 2017 | Year ended 31 March 2016 |
| BC India Investments | Dividend paid | 51.59 | - |
| Himadri Dyes & Intermediates Limited | Dividend paid | 49.14 | - |
| Himadri Industries Limited | Dividend paid | 23.07 | - |
| Himadri Credit & Finance Limited | Dividend paid | 4.74 | - |
| Himadri Coke & Petro Limited | Dividend paid | 19.09 | - |
| Mr. Vijay Kumar Choudhary | Dividend paid | 1.63 | - |
| Mr. Shyam Sundar Choudhary | Dividend paid | 1.62 | - |
| Mr. Bankey Lal Choudhary | Dividend paid | 0.74 | - |
| Mr. Damodar Prasad Choudhary | Dividend paid | 0.74 | - |
| Mrs.Sushila Devi Choudhary | Dividend paid | 0.43 | - |
| Mrs.Sheela Devi Choudhary | Dividend paid | 0.38 | - |
| Mrs.Saroj Devi Choudhary | Dividend paid | 0.41 | - |
| Mrs.Kanta Devi Choudhary | Dividend paid | 0.41 | - |

F. Outstanding balances

| Name of the related party | Nature of transaction | Amount in ₹ Lakhs | | |
|---------------------------------|-----------------------------|-------------------|---------------|--------------|
| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Equal Commedeal Private Limited | Loan given | 625.84 | 471.40 | 271.40 |
| | Income receivable on FCD | 54.00 | 54.00 | 108.00 |
| | Interest receivable on loan | 25.29 | 19.28 | 16.18 |
| AAT Global Limited | Stand by letter of credit | 1,945.16 | 3,352.02 | 3,805.52 |
| | Advance for supplies (net) | 288.67 | 844.79 | 192.68 |
| | Guarantee fees receivable | 118.71 | 104.89 | 106.26 |
| Himadri Coke & Petro Limited | Deep discount debentures | - | - | 5,828.31 |

G. Key Management Personnel Remuneration

Key management personnels compensation comprised of the following:

| Nature of transaction | Amount in ₹ Lakhs | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Short-term employee benefits | 449.04 | 440.63 |
| Other long-term benefits | 3.82 | 1.88 |
| Total compensation paid to key management personnel | 452.86 | 442.51 |

As the future liability for gratuity and compensated encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the KMPs are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

H. Details of loans, investments and guarantee covered under Section 186(4) of the Companies Act, 2013

- Details of loan: Loan given to Equal Commedeal Private Limited bears interest rate of 9% p.a. compounded quarterly and is repayable on or before 28 September 2018 (refer note 10).
- Details of investments: Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in note 6.
- Details of Corporate Guarantee/ stand by letter of credit given by the Company is as below:

| Name of the Company | Date of undertaking | Purpose | Amount in ₹ Lakhs | | |
|---------------------|---------------------|--------------------------|-------------------|---------------|--------------|
| | | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| AAT Global Limited | 19 March 2013 | Long-term loan facility | - | 1,362.04 | 1,927.80 |
| AAT Global Limited | 8 February 2012 | Short-term loan facility | 1,945.16 | 1,989.99 | 1,877.72 |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

I. Terms and conditions of transactions with related parties

The purchase from a related parties is made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by a related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.

39. Information pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

| Particulars | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Loans and advances in the nature of loan to a subsidiary company | | | |
| Equal Commodore Private Limited | | | |
| Amount outstanding as at year ended | 625.84 | 471.40 | 271.40 |
| Maximum balance of loan outstanding during the year | 625.84 | 471.40 | 271.40 |

40. Accounting classifications and fair values (Ind AS 107)

See accounting policy in note 3(c)

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Standalone Balance Sheet as at 31 March 2017 are as follows:

| Particulars | Amortised cost | Financial assets/liabilities at fair value through profit or loss | | | | Financial assets/liabilities at fair value through OCI | | Total carrying amount | Fair value |
|---|------------------|---|-----------------|--|---------------|--|------------------|-----------------------|------------|
| | | Designated upon initial recognition | | Mandatory | | Equity instruments designated upon initial recognition | | | |
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | | | |
| Financial assets: | | | | | | | | | |
| Investment in debentures or bonds | - | - | - | 8,000.00 | - | - | 8,000.00 | 8,000.00 | |
| Investment in equity instruments (Unquoted) | - | - | - | 6,860.44 | - | - | 6,860.44 | 6,860.44 | |
| Investment in equity instruments (Quoted) | - | - | - | 1,797.87 | - | - | 1,797.87 | 1,797.87 | |
| Investment in mutual funds | - | - | 25.08 | - | - | - | 25.08 | 25.08 | |
| Investment in government securities | 0.07 | - | - | - | - | - | 0.07 | 0.07 | |
| Trade receivables | 22,359.85 | - | - | - | - | - | 22,359.85 | 22,359.85 | |
| Cash and cash equivalents | 1,132.72 | - | - | - | - | - | 1,132.72 | 1,132.72 | |
| Other bank balance | 2,466.06 | - | - | - | - | - | 2,466.06 | 2,466.06 | |
| Loans | 2,918.51 | - | - | - | - | - | 2,918.51 | 2,918.51 | |
| Other financial assets | 1,068.97 | - | - | - | - | - | 1,068.97 | 1,068.97 | |
| Financial liabilities: | | | | | | | | | |
| Non convertible debentures | 24,990.43 | - | - | - | - | - | 24,990.43 | 24,990.43 | |
| Term loans | 16,491.47 | - | - | - | - | - | 16,491.47 | 16,491.47 | |
| Sale tax deferment | 61.42 | - | - | - | - | - | 61.42 | 61.42 | |
| Short term borrowings | 33,868.94 | - | - | - | - | - | 33,868.94 | 33,868.94 | |
| Trade payables | 14,931.38 | - | - | - | - | - | 14,931.38 | 14,931.38 | |
| Derivatives | - | - | 5,292.03 | - | 184.69 | - | 5,476.72 | 5,476.72 | |
| Other financial liabilities | 1,151.65 | - | 0.70 | - | - | - | 1,152.35 | 1,152.35 | |

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Standalone Balance Sheet as at 31 March 2016 are as follows:

| Particulars | Amortised cost | Amount in ₹ Lakhs | | | | | |
|---|----------------|---|-----------|--|-----------|-----------------------|------------|
| | | Financial assets/liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying amount | Fair value |
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| Financial assets: | | | | | | | |
| Investment in debentures or bonds | - | - | - | 8,000.00 | - | 8,000.00 | 8,000.00 |
| Investment in equity instruments (Unquoted) | - | - | - | 2,650.47 | - | 2,650.47 | 2,650.47 |
| Investment in equity instruments (Quoted) | - | - | - | 517.48 | - | 517.48 | 517.48 |
| Investment in mutual funds | - | - | 2,100.00 | - | - | 2,100.00 | 2,100.00 |
| Investment in government securities | 0.07 | - | - | - | - | 0.07 | 0.07 |
| Trade receivables | 20,775.35 | - | - | - | - | 20,775.35 | 20,775.35 |
| Cash and cash equivalents | 1,819.97 | - | - | - | - | 1,819.97 | 1,819.97 |
| Other bank balance | 1,693.07 | - | - | - | - | 1,693.07 | 1,693.07 |
| Loans | 2,403.00 | - | - | - | - | 2,403.00 | 2,403.00 |
| Other financial assets | 1,083.95 | - | - | - | - | 1,083.95 | 1,083.95 |
| Financial liabilities: | | | | | | | |
| Non convertible debentures | 28,811.11 | - | - | - | - | 28,811.11 | 28,811.11 |
| Term Loans | 17,664.23 | - | - | - | - | 17,664.23 | 17,664.23 |
| Sale Tax Deferment | 163.88 | - | - | - | - | 163.88 | 163.88 |
| Short Term Borrowings | 39,206.04 | - | - | - | - | 39,206.04 | 39,206.04 |
| Trade payables | 8,854.32 | - | - | - | - | 8,854.32 | 8,854.32 |
| Derivatives | - | - | 3,677.12 | - | 2,511.28 | 6,188.40 | 6,188.40 |
| Other financial liabilities | 3,072.95 | - | 21.75 | - | - | 3,094.70 | 3,094.70 |

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Standalone Balance Sheet as at 1 April 2015 are as follows:

| Particulars | Amortised cost | Amount in ₹ Lakhs | | | | | |
|---|----------------|---|-----------|--|-----------|-----------------------|------------|
| | | Financial assets/liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying amount | Fair value |
| | | Designated upon initial recognition | Mandatory | Equity instruments designated upon initial recognition | Mandatory | | |
| Financial assets: | | | | | | | |
| Investment in debentures or bonds | - | - | - | 8,000.00 | - | 8,000.00 | 8,000.00 |
| Investment in equity instruments (Unquoted) | - | - | - | 2,490.74 | - | 2,490.74 | 2,490.74 |
| Investment in equity instruments (Quoted) | - | - | - | 438.21 | - | 438.21 | 438.21 |
| Investment in mutual funds | - | - | 2,512.71 | - | - | 2,512.71 | 2,512.71 |
| Investment in government securities | 0.07 | - | - | - | - | 0.07 | 0.07 |
| Trade receivables | 32,349.98 | - | - | - | - | 32,349.98 | 32,349.98 |
| Cash and cash equivalents | 1,268.90 | - | - | - | - | 1,268.90 | 1,268.90 |
| Other bank balance | 2,394.01 | - | - | - | - | 2,394.01 | 2,394.01 |
| Loans | 2,303.25 | - | - | - | - | 2,303.25 | 2,303.25 |
| Other financial assets | 545.33 | - | - | - | - | 545.33 | 545.33 |
| Financial liabilities: | | | | | | | |
| Non convertible debentures | 34,421.57 | - | - | - | - | 34,421.57 | 34,421.57 |
| Term Loans | 22,523.91 | - | - | - | - | 22,523.91 | 22,523.91 |
| Sale Tax Deferment | 204.97 | - | - | - | - | 204.97 | 204.97 |
| Short Term Borrowings | 50,762.93 | - | - | - | - | 50,762.93 | 50,762.93 |
| Trade payables | 9,178.02 | - | - | - | - | 9,178.02 | 9,178.02 |
| Derivatives | - | - | 6,935.09 | - | 3,925.75 | 10,860.84 | 10,860.84 |
| Other financial liabilities | 2,124.22 | - | 40.27 | - | - | 2,164.49 | 2,164.49 |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

41. Fair value measurement (Ind AS 113)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The Company has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2017

| Amount in ₹ Lakhs | | | | | |
|---|------|---------|----------|----------|----------|
| Particulars | Note | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Investment in equity instruments (Unquoted) | 6 | - | - | 6,860.44 | 6,860.44 |
| Investment in equity instruments (Quoted) | 6 | 1.80 | - | 1,796.07 | 1,797.87 |
| Investment in mutual funds | 6 | 25.08 | - | - | 25.08 |
| Total financial assets | | 26.88 | - | 8,656.51 | 8,683.39 |
| Financial liabilities | | | | | |
| Derivatives | 20 | - | 5,476.72 | - | 5,476.72 |
| Financial guarantee liability | 21 | - | - | 0.70 | 0.70 |
| Total financial liabilities | | - | 5,476.72 | 0.70 | 5,477.42 |

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2016

| Amount in ₹ Lakhs | | | | | |
|---|------|----------|----------|----------|----------|
| Particulars | Note | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Investment in equity instruments (Unquoted) | 6 | - | - | 2,650.47 | 2,650.47 |
| Investment in equity instruments (Quoted) | 6 | 20.49 | - | 496.99 | 517.48 |
| Investment in mutual funds | 6 | 2,100.00 | - | - | 2,100.00 |
| Total financial assets | | 2,120.49 | - | 3,147.46 | 5,267.95 |
| Financial liabilities | | | | | |
| Derivatives | 20 | - | 6,188.40 | - | 6,188.40 |
| Financial guarantee liability | 21 | - | - | 21.75 | 21.75 |
| Total financial liabilities | | - | 6,188.40 | 21.75 | 6,210.15 |

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 1 April 2015

| Amount in ₹ Lakhs | | | | | |
|---|------|----------|-----------|----------|-----------|
| Particulars | Note | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Investment in equity instruments (Unquoted) | 6 | - | - | 2,490.74 | 2,490.74 |
| Investment in equity instruments (Quoted) | 6 | 23.27 | - | 414.94 | 438.21 |
| Investment in mutual funds | 6 | 2,512.71 | - | - | 2,512.71 |
| Total financial assets | | 2,535.98 | - | 2,905.68 | 5,441.66 |
| Financial liabilities | | | | | |
| Derivatives | 20 | - | 10,860.84 | - | 10,860.84 |
| Financial guarantee liability | 21 | - | - | 40.27 | 40.27 |
| Total financial liabilities | | - | 10,860.84 | 40.27 | 10,901.11 |

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

The management assessed that trade receivables, cash and cash equivalent, other bank balances, trade payable, cash credits, commercial papers and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the respective reporting date.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.
- The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on management estimates.

The significant observable inputs used in the fair value measurement of the fair value hierarchy of level 3 inputs like discounted cash flows, market multiple method, option pricing model etc.

42. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. Foreign currency options contract are entered to hedge certain foreign currency risk exposures and interest rate swaps to hedge variable interest rate exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The sources of risks which the Company is exposed to and their management is given below:

| Risk | Exposure Arising from | Measurement | Management |
|-----------------------|---|---|---|
| Credit risk | Trade receivables, Investments, Derivative financial instruments, Loans | Ageing analysis, Credit rating | Diversification of mutual fund investments, Credit limit and credit worthiness monitoring, credit based approval process. |
| Liquidity risk | Borrowings and Other liabilities | Rolling cash flow forecasts | Adequate unused credit lines and borrowing facilities. |
| Market risk | | | |
| Foreign exchange risk | Committed commercial transaction Financial asset and liabilities not denominated in INR | Cash flow forecasting Sensitivity analysis | Forward foreign exchange contracts. Foreign currency options principal only/currency swaps. |
| Interest rate | Long term borrowings at variable rates ; Investment in debt scheme of mutual fund and other debt securities | Sensitivity analysis Interest rate movements | Interest rate swaps |
| Security prices | Investment in equity securities | Sensitivity analysis | Portfolio diversification |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

(i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank, mutual fund investments, investments in debt securities, foreign exchange transactions and financial guarantees. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

Trade receivable

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration percentage of revenue generated from top customer and top five customers are stated below:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------|-----------------------------|-----------------------------|
| Revenue from a top customer | 14.37% | 14.68% |
| Revenue from top five customers | 44.00% | 45.08% |

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss account is as follows:

| Particulars | Amount in ₹ Lakhs | |
|--------------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Balance at the beginning | 417.01 | 545.81 |
| Impairment loss recognised/ reversed | - | (128.80) |
| Amounts written-back | - | - |
| Balance at the end | 417.01 | 417.01 |

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, finding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

| Amount in ₹ Lakhs | | | | | | |
|---|------------------|-----------|-----------|-----------|-----------|-----------|
| 31 March 2017 | Less than 1 year | 1-2 years | 2-3 years | 3-5 years | > 5 years | Total |
| Borrowings (including estimated interest) | 40,725.02 | 6,557.92 | 6,271.15 | 31,888.03 | 4,390.90 | 89,833.02 |
| Trade and other payables | 14,931.38 | - | - | - | - | 14,931.38 |
| Derivatives | 4,594.40 | 220.79 | 220.79 | 440.74 | - | 5,476.72 |
| Other financial liabilities | 527.82 | - | - | 25.77 | - | 553.59 |

| Amount in ₹ Lakhs | | | | | | |
|---|------------------|-----------|-----------|-----------|-----------|------------|
| 31 March 2016 | Less than 1 year | 1-2 years | 2-3 years | 3-5 years | > 5 years | Total |
| Borrowings (including estimated interest) | 52,477.88 | 5,821.61 | 5,563.88 | 33,453.51 | 3,626.85 | 100,943.73 |
| Trade and other payables | 8,854.32 | - | - | - | - | 8,854.32 |
| Derivatives | 245.39 | 4,692.59 | 245.24 | 1,005.18 | - | 6,188.40 |
| Other financial liabilities | 198.27 | - | - | - | 25.77 | 224.04 |

| Amount in ₹ Lakhs | | | | | | |
|---|------------------|-----------|-----------|-----------|-----------|------------|
| 1 April 2015 | Less than 1 year | 1-2 years | 2-3 years | 3-5 years | > 5 years | Total |
| Borrowings (including estimated interest) | 60,455.87 | 13,967.77 | 5,726.52 | 10,762.57 | 31,756.96 | 122,669.69 |
| Trade and other payables | 9,157.46 | 20.56 | - | - | - | 9,178.02 |
| Derivatives | 5,096.69 | 287.13 | 4,133.62 | 532.04 | 811.36 | 10,860.84 |
| Other financial liabilities | 262.35 | - | - | - | 25.77 | 288.12 |

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management. Generally, the Company seeks to apply hedge accounting to manage volatility in other comprehensive income.

(a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transaction are primarily denominated as USD and JPY.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

Exposure to currency risk

The Company's exposure to foreign currency are at the end of the reporting period are as follows:

| Amount in ₹ Lakhs | | | | |
|--|----------------------------|-------------|----------------------------|------------|
| Particulars | In original currency (USD) | In ₹ | In original currency (JPY) | In ₹ |
| 31 March 2017 | | | | |
| Trade receivables | 16.73 | 1,084.45 | - | - |
| Cash and cash equivalents | 8.98 | 582.52 | - | - |
| Other financial assets | 24.53 | 1,591.59 | - | - |
| Borrowings (including current maturities of long-term debt) | (312.76) | (20,278.80) | (3,020.26) | (1,750.54) |
| Trade payables | (106.51) | (6,905.64) | - | - |
| Derivatives | (73.94) | (4,794.36) | (1,177.29) | (682.36) |
| Net exposure in respect of recognised financial assets and liabilities | (442.97) | (28,720.24) | (4,197.55) | (2,432.90) |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

| Particulars | Amount in ₹ Lakhs | | | |
|--|----------------------------|-------------|----------------------------|------------|
| | In original currency (USD) | In ₹ | In original currency (JPY) | In ₹ |
| 31 March 2016 | | | | |
| Trade receivables | 32.22 | 2,137.27 | - | - |
| Cash and cash equivalents | 6.75 | 447.48 | - | - |
| Other current financial assets | 30.97 | 2,054.52 | - | - |
| Borrowings (including current maturities of long-term debt) | (444.02) | (29,453.12) | (3,883.77) | (2,293.76) |
| Trade payables | (63.58) | (4,217.76) | - | - |
| Derivatives | (78.17) | (5,185.45) | (1,698.19) | (1,002.95) |
| Net exposure in respect of recognised financial assets and liabilities | (515.83) | (34,217.06) | (5,581.96) | (3,296.71) |

| Particulars | Amount in ₹ Lakhs | | | |
|--|----------------------------|-------------|----------------------------|------------|
| | In original currency (USD) | In ₹ | In original currency (JPY) | In ₹ |
| 1 April 2015 | | | | |
| Trade receivables | 56.84 | 3,557.46 | - | - |
| Cash and cash equivalents | - | 0.01 | - | - |
| Other current financial assets | 13.92 | 871.50 | - | - |
| Borrowings (including current maturities of long-term debt) | (671.14) | (42,007.20) | (4,746.83) | (2,473.57) |
| Trade payables | (73.46) | (4,597.64) | - | - |
| Derivatives | (152.66) | (9,555.15) | (2,505.64) | (1,305.69) |
| Net exposure in respect of recognised financial assets and liabilities | (826.50) | (51,731.02) | (7,252.47) | (3,779.26) |

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD and JPY against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Particulars | Amount in ₹ Lakhs | | | |
|----------------------|-------------------|-----------|--------------------|-----------|
| | Profit or loss | | Equity, net of tax | |
| | Strengthening | Weakening | Strengthening | Weakening |
| 31 March 2017 | | | | |
| USD (5% Movement) | (1,436.01) | 1,436.01 | (939.04) | 939.04 |
| JPY (10% Movement) | (243.29) | 243.29 | (159.09) | 159.09 |
| 31 March 2016 | | | | |
| USD (5% Movement) | (1,710.85) | 1,710.85 | (1,118.76) | 1,118.76 |
| JPY (10% Movement) | (329.67) | 329.67 | (215.58) | 215.58 |

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's short term borrowing (excluding commercial paper and others) with floating interest rates. For all long term borrowings with floating rates, the risk of variation in the interest rates is mitigated through interest rate swaps. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

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financial statements for the year ended 31 March 2017 (Continued)

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments at the end of the reporting period are as follows:

| Particulars | Amount in ₹ Lakhs | | |
|----------------------------------|--------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Fixed rate instruments | | | |
| Financial assets | 3,175.58 | 3,035.87 | 3,507.40 |
| Financial liabilities | (24,990.43) | (24,988.04) | (24,985.86) |
| | (21,814.85) | (21,952.17) | (21,478.46) |
| Effect of interest rate swaps | (2,674.59) | (7,711.20) | (11,970.49) |
| | (24,489.44) | (29,663.37) | (33,448.95) |
| Variable rate instruments | | | |
| Financial assets | - | - | - |
| Financial liabilities | (50,360.41) | (60,693.34) | (76,894.24) |
| | (50,360.41) | (60,693.34) | (76,894.24) |
| Effect of interest rate swaps | 2,674.59 | 7,711.20 | 11,970.49 |
| | (47,685.82) | (52,982.14) | (64,923.75) |

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

| Particulars | Amount in ₹ Lakhs | | | |
|------------------------------------|-------------------|---------------|--------------------|---------------|
| | Profit or loss | | Equity, net of tax | |
| | Strengthening | Weakening | Strengthening | Weakening |
| 31 March 2017 | | | | |
| Variable rate instruments | (503.60) | 503.60 | (329.31) | 329.31 |
| Interest rate swap | 26.75 | (26.75) | 17.49 | (17.49) |
| Cash flow sensitivity (net) | (476.85) | 476.85 | (311.82) | 311.82 |
| 31 March 2016 | | | | |
| Variable rate instruments | (606.93) | 606.93 | (396.88) | 396.88 |
| Interest rate swap | 77.11 | (77.11) | 50.42 | (50.42) |
| Cash flow sensitivity (net) | (529.82) | 529.82 | (346.46) | 346.46 |

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particular foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

(c) Equity price risks

The Company's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

Sensitivity analysis

Investment in equity instruments of the Company are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. The table below summaries the impact of increase/decrease of the Nifty 50 index on the Company's equity and profit for the period. The analysis is based on the assumption that the NSE nifty 50 equity index had increased/decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

| Particulars | Profit or loss | | Equity, net of tax | |
|---|----------------|---------------|--------------------|---------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| NSE Nifty 50 - increase by 10% (31 March 2016: 10%) | 0.27 | 2.77 | 0.18 | 1.81 |
| NSE Nifty 50 - decrease by 10% (31 March 2016: 10%) | (0.27) | (2.77) | (0.18) | (1.81) |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

(d) Hedge accounting

Currency risk-Transactions in foreign currency

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and interest rate exposures are denominated. The currencies in which these transactions are primarily denominated are US dollars and JPY Yens. The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out as per the risk management policy of the Company.

The Company holds derivative financial instruments such as foreign currency forward, cross currency swaps, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Company's risk management policy is to hedge its foreign currency exposure in respect of firm commitments and highly probable forecasted transactions and interest rate risks. The counterparty for these contracts is generally a bank or a financial institution.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item. In order to designate a derivative contract as an effective hedge, the management objectively evaluates and evidence with appropriate underlying documents of each contract whether the contract is effective in offsetting cash flow attributable to the hedged risk. The Company applies a hedge ratio of 1:1.

In these hedging relationships, the main sources of ineffectiveness are :

- the effect of the counterparty and the Company's own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions.

Interest rate risk

The Company adopts a policy of hedging its certain interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Company applies a hedge ratio of 1:1.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional of hedging instruments or par amounts of hedged items.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in re-pricing dates between the swaps and the borrowings.

The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

| Particulars | Currency pair | Position | 31 March 2017 | | 31 March 2016 | |
|--|-----------------------|--------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
| | | | Amount in foreign currency in lakhs | Amount in ₹ lakhs | Amount in foreign currency in lakhs | Amount in ₹ lakhs |
| Forward contracts [4, (previous year 3)] | USD/INR | Buy | 275.34 | 17,852.65 | 62.44 | 4,141.62 |
| Currency swaps [4, (previous year 4)] | USD/INR | Sell | 213.54 | 13,845.63 | 213.54 | 14,164.73 |
| Currency swap [1, (previous year 1)] | USD/JPY | Sell | 3,013.89 | 1,746.85 | 3,875.00 | 2,288.58 |
| Option contracts [5, (previous year Nil)] | USD/INR | Options | 230.00 | 14,912.88 | - | - |
| Interest rate swaps [3, (previous year 3)] | USD/INR | Notional Principal | 246.12 | 15,958.08 | 246.12 | 16,325.85 |
| Interest rate swaps [2, (previous year 4)] | USD-Floating to fixed | Notional Principal | 41.25 | 2,674.59 | 116.25 | 7,711.20 |
| Interest rate swap [1, (previous year 1)] | JPY to INR | Notional Principal | 4,733.69 | 2,743.65 | 4,733.69 | 2,795.72 |

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

| Particulars | Amount in ₹ Lakhs | | |
|--|-------------------|-----------------|------------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Not later than one month | 1.67 | (2.18) | 81.38 |
| Later than one month and not later than three months | 4,375.47 | - | 72.25 |
| Later than three months and not later than one year | 217.26 | 247.57 | 4,943.06 |
| Later than one year | 882.32 | 5,943.01 | 5,764.15 |
| | 5,476.72 | 6,188.40 | 10,860.84 |

All derivative contracts outstanding as at year end are marked to market. The Company has applied hedge accounting principles. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items. If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in Statement of Profit and Loss at the time of the hedge relationship rebalancing.

Accordingly, net exchange fluctuation loss/ (gain) aggregating to ₹ (168.36) lakhs (31 March 2016: ₹ 1,610.93 lakhs), being the effective portion of the contract designated as effective hedge for future cash flows has been recognised in the other comprehensive income.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

| | Amount in ₹ Lakhs | | | |
|--|----------------------------|--------------------------------|----------------------------|--------------------------------|
| | 31 March 2017 | | 31 March 2016 | |
| | Derivative financial asset | Derivative financial liability | Derivative financial asset | Derivative financial liability |
| Gross amount of recognised financial asset/liability | 114.40 | 5,591.12 | 6.63 | 6,195.03 |
| Amount set-off | (114.40) | (114.40) | (6.63) | (6.63) |
| Net amount presented in balance sheet | - | 5,476.72 | - | 6,188.40 |

Disclosure of effects of hedge accounting on financial performance

For the year ended 31 March 2017

| Type of hedge | Amount in ₹ Lakhs | | | |
|---------------------------|--|---|---|---|
| | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge effectiveness recognised in Standalone Statement of Profit and Loss | Amount reclassified from cash flow hedging reserve to Standalone Statement of Profit and Loss | Line item affected in the Standalone Statement of profit and loss because of the reclassification |
| Cash flow hedge | | | | |
| (i) Foreign exchange risk | (124.65) | - | 2,158.23 | Foreign exchange fluctuation |
| (ii) Interest rate risk | (43.71) | - | - | |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

For the year ended 31 March 2016

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge effectiveness recognised in Standalone Statement of Profit and Loss | Amount reclassified from cash flow hedging reserve to Standalone Statement of Profit and Loss | Amount in ₹ Lakhs |
|---------------------------|--|---|---|---|
| | | | | Line item affected in the Standalone Statement of profit and loss because of the reclassification |
| Cash flow hedge | | | | |
| (i) Foreign exchange risk | 1,625.46 | - | 3,025.40 | Foreign exchange fluctuation |
| (ii) Interest rate risk | (14.53) | - | - | |

Movements in cash flow hedging reserve

| Risk category | Amount in ₹ Lakhs | | |
|---|--|----------------------------|-----------------|
| | Foreign currency risks | Interest rate risk | Total |
| Derivative instruments | Foreign exchange forward contract | Interest rate swaps | |
| Cash flow hedging reserve | | | |
| As at 1 April 2015 | 3,880.65 | 45.10 | 3,925.75 |
| Add: Changes in discounted spot element of foreign exchange forward contracts | (3,030.94) | - | (3,030.94) |
| Add: Changes in fair value of interest rate swaps | - | (14.53) | (14.53) |
| Less: Amount reclassified to profit or loss | 1,631.00 | - | 1,631.00 |
| As at 31 March 2016 | 2,480.71 | 30.57 | 2,511.28 |
| Add: Changes in discounted spot element of foreign exchange forward contracts | (124.65) | - | (124.65) |
| Add: Changes in fair value of interest rate swaps | - | (43.71) | (43.71) |
| Less: Amount reclassified to profit or loss | 2,158.23 | - | 2,158.23 |
| As at 31 March 2017 | 197.82 | (13.13) | 184.69 |

Impact of hedging activities

31 March 2017

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio | Weighted average strike price/rate | Change in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|----------------------------------|-------------------------|---------------------|---------------------------------------|-----------------|---|-------------|------------------------------------|--|--|
| | Assets | Liabilities | Assets | Liabilities | | | | | |
| | Cash flow hedge: | | | | | | | | |
| Foreign exchange contract | | | | | | | | | |
| - Currency swap contract | - | USD 213.54 | - | 3,845.63 | ICICI: 28 June 2017 (USD) | 1:1 | US\$ 1: INR 46.83 | (319.09) | 319.09 |
| | - | JPY 3,013.89 | - | 197.82 | ICICI: 24 Aug 2020 (JPY) | 1:1 | JPY 1: INR 0.7026 | 197.82 | (197.82) |
| Interest rate risk | | | | | | | | | |
| - Interest rate swap | USD 41.25 | - | 13.13 | - | DBS: 15 September 2020 HSBC: 17 September 2018 | 1:1 | 1.3% | (43.71) | 43.71 |

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

31 March 2016

Amount in ₹ Lakhs

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio | Weighted average strike price/rate | Change in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---------------|---------------|---------------------------------------|-------------|---|-------------|------------------------------------|--|--|
| | Assets | Liabilities | Assets | Liabilities | | | | | |
| Cash flow hedge: Foreign exchange contract - Currency swap contract | - | USD 213.54 | - | 4,164.72 | ICICI: 28 June 2017 | 1:1 | US\$ 1: INR 46.83 | (3,030.94) | 3,030.94 |
| Interest rate risk - Interest rate swap | - | USD 116.25 | - | 30.58 | DBS: 19 December 2016, 15 September 2020 HSBC: 24 February 2017, 17 September 2018 | 1:1 | 1.10% | (14.53) | 14.53 |

1 April 2015

Amount in ₹ Lakhs

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio | Weighted average strike price/rate | Change in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---------------|---------------|---------------------------------------|-------------|---|-------------|------------------------------------|--|--|
| | Assets | Liabilities | Assets | Liabilities | | | | | |
| Cash flow hedge: Foreign exchange contract - Currency swap contract | - | USD 434.50 | - | 7,195.67 | ICICI: 19-Nov-2015, 22-Dec-2015, 24 Dec-2015, 13-Jan-2016, 28 June 2017 | 1:1 | US\$ 1: INR 46.83 | NA | NA |
| Interest rate risk - Interest rate swap | - | USD 191.25 | - | 45.10 | DBS: 19 December 2016, 15 September 2020 HSBC: 24 February 2017, 17 September 2018 | 1:1 | 1.1% | NA | NA |

43. Capital management (Ind AS 1)

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Company's objective when managing capital are to: (a) to maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.



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financial statements for the year ended 31 March 2017 (Continued)

For the purpose of the Company's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

| Particulars | | Amount in ₹ Lakhs | | |
|--|---|-------------------|---------------|--------------|
| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Total debt (Bank and other borrowings) | A | 75,412.26 | 85,845.26 | 107,913.38 |
| Equity | B | 107,809.76 | 92,094.21 | 85,832.34 |
| Liquid investments including bank deposits | C | 1,157.80 | 3,919.97 | 3,781.61 |
| Debt to Equity (A / B) | | 0.70 | 0.93 | 1.26 |
| Debt to Equity (net) [(A-C) / B] | | 0.69 | 0.89 | 1.21 |

In addition the Company has financial covenants relating to the banking facilities that it has taken from all the lenders like interest service coverage ratio, Debt to EBITDA, current ratio etc. which is maintained by the Company.

44. Segments information (Ind AS 108)

In accordance with Ind AS 108 "Operating Segments", segment information has been given in the Consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these financial statements.

- 45. The Company does not make any direct remittances of dividends in foreign currencies to non-residents shareholders. Dividend to non-resident shareholders has been deposited into their Rupee account in banks in India.
- 46. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.
- 47. Total expenditure incurred on Corporate Social Responsibility (CSR) activities during the year ended 31 March 2017 ₹ **14.70 lakhs** (31 March 2016: ₹ 24.16 lakhs). This expenditure has been disclosed as expenditure on corporate social responsibility under in note 30, 'Other expenses'.

Detail of CSR expenditure during the financial year:

- (a) Gross amount required to be spent by the Company during the year 31 March 2017: ₹ **Nil** (31 March 2016: ₹ Nil).
- (b) Amount spent during the year on:

For the year ended 31 March 2017

| Particulars | Amount in ₹ Lakhs | | |
|--|-------------------|---------------------------------|--------------|
| | Amount (in cash) | Amount (yet to be paid in cash) | Total |
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | | | |
| - Eradicating Hunger, poverty and malnutrition | 7.28 | - | 7.28 |
| - Education and promoting education | 1.96 | - | 1.96 |
| - Promoting healthcare including preventive healthcare | 5.46 | - | 5.46 |
| Total | 14.70 | - | 14.70 |

For the year ended 31 March 2016

| Particulars | Amount in ₹ Lakhs | | |
|--|-------------------|---------------------------------|--------------|
| | Amount (in cash) | Amount (yet to be paid in cash) | Total |
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | | | |
| - Eradicating Hunger, poverty and malnutrition | 11.85 | - | 11.85 |
| - Education and promoting education | 7.00 | - | 7.00 |
| - Promoting healthcare including preventive healthcare | 5.31 | - | 5.31 |
| Total | 24.16 | - | 24.16 |

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

48. Due to Micro enterprises and small enterprises

| Particulars | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| (a) The amounts remaining unpaid to Micro and Small suppliers as at the end of each accounting year: | | |
| - Principal | 187.69 | 313.07 |
| - Interest | - | - |
| (b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006. | - | - |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006. | - | - |

49. Disclosure on specified bank notes (SBNs)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R.308 (E) dated 31 March 2017 on the details of Specified Bank Notes (SBN), held and transacted during the period from 8 November 2016 to 30 December 2016, the denominationwise SBNs and other notes as per the notification is given below:

| Particulars | Amount in ₹ Lakhs | | |
|---|------------------------|--------------------------|-------|
| | Specified Bank Notes * | Other denomination notes | Total |
| Closing cash in hand as on 8 November 2016 | 25.30 | 7.69 | 32.99 |
| Add: Permitted receipts | - | 59.36 | 59.36 |
| Less: Permitted payments | - | 55.11 | 55.11 |
| Less: Amount deposited in banks | 25.30 | - | 25.30 |
| Closing cash in hand as on 30 December 2016 | - | 11.94 | 11.94 |

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

50. Distribution made and proposed dividend (Ind AS 1)

| Particulars | Amount in ₹ Lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Cash dividend on equity shares declared and paid | | |
| Final dividend for the year ended on 31 March 2016: ₹ 0.05 per share (31 March 2015: ₹ Nil) | 209.20 | - |
| Dividend distribution tax on final dividend | 42.59 | - |
| Total dividend paid | 251.79 | - |
| Proposed dividend on Equity shares | | |
| Final dividend for the year ended on 31 March 2017: ₹ 0.10 per share (31 March 2016: ₹ 0.05) | 418.41 | 209.20 |
| Dividend distribution tax on final dividend | 85.18 | 42.59 |
| Total dividend proposed | 503.59 | 251.79 |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at 31 March 2017.

51. Government grant (Ind AS 20): Other operating revenues includes Incentives against capital investments, under State Investment Promotion Scheme of ₹ 557.06 lakhs (31 March 2016: ₹ Nil).



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

52. Explanation of transition to Ind AS

As stated in note 2A, these are the Company's first Standalone financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its Standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("previous GAAP").

The accounting policies as set out in note 3 have been applied in preparing these Standalone financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Standalone Ind AS balance sheet as on the date of transition i.e. 1 April 2015.

In preparing its Standalone Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in Standalone financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Company in restating its Standalone financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these Standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions:

A. Optional exemptions availed

(a) Property, plant and equipment

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, *Intangible Assets*, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. There is no decommissioning liabilities to be incurred by the Company relating to property, plant and equipment.

(b) Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Company has elected to avail of above exemption.

(c) Designation of previously recognised financial instruments

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL).

The Company has opted to avail this exemption to designate certain equity investments as FVOCI on the date of transition i.e. 1 April 2015 on the basis of facts and circumstances existed at the date of transition to Ind AS.

(d) Cumulative translation difference

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Accordingly, the Company has continued to follow the previous GAAP policy for foreign currency monetary item translation difference account (FCMITDA).

(e) Fair value measurement of financial assets or liabilities at initial recognition

The Company has applied the requirements of Ind AS 109, *Financial Instruments: Recognition and Measurement*, wherever applicable."

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

52. Explanation of transition to Ind AS (Continued)

B. Mandatory exceptions

(a) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement.

(b) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, *Financial Instruments*, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

(c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

C. Reconciliation of equity

Amount in ₹ Lakhs

| | Note | 31 March 2016 | | | 1 April 2015 | | |
|-----------------------------------|------|-------------------|------------------------------------|-------------------|-------------------|------------------------------------|-------------------|
| | | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
| I. ASSETS | | | | | | | |
| (1) Non-current assets | | | | | | | |
| (a) Property, plant and equipment | | 110,084.27 | - | 110,084.27 | 114,762.12 | - | 114,762.12 |
| (b) Capital work-in-progress | | 2,732.70 | - | 2,732.70 | 1,019.42 | - | 1,019.42 |
| (c) Financial assets | | | | | | | |
| (i) Investments | f | 8,198.09 | 2,969.93 | 11,168.02 | 8,198.09 | 2,730.93 | 10,929.02 |
| (ii) Trade receivable | d | 798.10 | (10.07) | 788.03 | 798.10 | (14.06) | 784.04 |
| (iii) Loans | h | 5,244.23 | (2,972.33) | 2,271.90 | 4,555.55 | (2,377.38) | 2,178.17 |
| (iv) Other financial assets | | 2.45 | - | 2.45 | 41.65 | - | 41.65 |
| (d) Non-current tax assets (net) | | 409.72 | - | 409.72 | 362.22 | - | 362.22 |
| (e) Other non-current assets | h | 5,938.06 | 2,483.05 | 8,421.11 | 6,669.08 | 1,966.95 | 8,636.03 |
| Total Non-current assets | | 133,407.62 | 2,470.58 | 135,878.20 | 136,406.23 | 2,306.44 | 138,712.67 |
| (2) Current assets | | | | | | | |
| (a) Inventories | | 31,501.34 | - | 31,501.34 | 35,933.28 | - | 35,933.28 |
| (b) Financial assets | | | | | | | |
| (i) Investments | f | 2,100.00 | - | 2,100.00 | 2,100.00 | 412.71 | 2,512.71 |
| (ii) Trade receivables | | 19,987.32 | - | 19,987.32 | 31,565.94 | - | 31,565.94 |
| (iii) Cash and cash equivalents | | 1,819.97 | - | 1,819.97 | 1,268.90 | - | 1,268.90 |
| (iv) Other bank balances | | 1,693.07 | - | 1,693.07 | 2,394.01 | - | 2,394.01 |
| (v) Loans | h | 129.35 | 1.75 | 131.10 | 125.08 | - | 125.08 |
| (vi) Other financial assets | i | 1,059.75 | 21.75 | 1,081.50 | 463.41 | 40.27 | 503.68 |
| (c) Other current assets | g,h | 8,884.03 | 325.61 | 9,209.64 | 10,935.31 | (16.27) | 10,919.04 |
| Total Current assets | | 67,174.83 | 349.11 | 67,523.94 | 84,785.93 | 436.71 | 85,222.64 |
| TOTAL ASSETS | | 200,582.45 | 2,819.69 | 203,402.14 | 221,192.16 | 2,743.15 | 223,935.31 |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

52. Explanation of transition to Ind AS (Continued)

Amount in ₹ Lakhs

| | Note | 31 March 2016 | | | 1 April 2015 | | |
|--------------------------------------|------|-------------------|------------------------------------|-------------------|-------------------|------------------------------------|-------------------|
| | | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
| II. EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| (a) Equity share capital | | 4,184.08 | - | 4,184.08 | 3,857.33 | - | 3,857.33 |
| (b) Other equity | k | 84,733.79 | 3,176.34 | 87,910.13 | 78,856.92 | 3,118.09 | 81,975.01 |
| Total Equity | | 88,917.87 | 3,176.34 | 92,094.21 | 82,714.25 | 3,118.09 | 85,832.34 |
| Liabilities | | | | | | | |
| (1) Non-current liabilities | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | e | 36,679.96 | (79.76) | 36,600.20 | 52,364.34 | (949.80) | 51,414.54 |
| (ii) Trade payable | | - | - | - | 20.56 | - | 20.56 |
| (iii) Derivatives | | 5,943.01 | - | 5,943.01 | 5,764.15 | - | 5,764.15 |
| (iv) Other financial liabilities | | 25.77 | - | 25.77 | 1,195.04 | - | 1,195.04 |
| (b) Provisions | | 102.93 | - | 102.93 | 78.42 | - | 78.42 |
| (c) Deferred tax liabilities (net) | j | 4,781.70 | (24.00) | 4,757.70 | 5,219.71 | (13.52) | 5,206.19 |
| Total Non-current liabilities | | 47,533.37 | (103.76) | 47,429.61 | 64,642.22 | (963.32) | 63,678.90 |
| (2) Current liabilities | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) Borrowings | | 39,206.04 | - | 39,206.04 | 50,762.93 | - | 50,762.93 |
| (ii) Trade payable | | 8,854.32 | - | 8,854.32 | 9,157.46 | - | 9,157.46 |
| (iii) Derivatives | g | 258.54 | (13.15) | 245.39 | 4,672.71 | 423.98 | 5,096.69 |
| (iv) Other financial liabilities | e,i | 13,095.90 | 12.05 | 13,107.95 | 6,540.96 | 164.40 | 6,705.36 |
| (b) Other current liabilities | | 2,398.35 | - | 2,398.35 | 2,623.71 | - | 2,623.71 |
| (c) Provisions | b | 318.06 | (251.79) | 66.27 | 77.92 | - | 77.92 |
| Total Current liabilities | | 64,131.21 | (252.89) | 63,878.32 | 73,835.69 | 588.38 | 74,424.07 |
| TOTAL EQUITY AND LIABILITIES | | 200,582.45 | 2,819.69 | 203,402.14 | 221,192.16 | 2,743.15 | 223,935.31 |

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

D. Reconciliation of total comprehensive income for the year ended 31 March 2016

Amount in ₹ Lakhs

| | Note | Year ended 31 March 2016 | | |
|---|-------|--------------------------|------------------------------------|-------------------|
| | | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
| I. Revenue from operations | c | 115,183.86 | 13,894.24 | 129,078.10 |
| II. Other income | d,f,h | 1,240.17 | (145.16) | 1,095.01 |
| III. Total income (I + II) | | 116,424.03 | 13,749.08 | 130,173.11 |
| IV. Expenses | | | | |
| Cost of materials consumed | | 77,764.73 | - | 77,764.73 |
| Changes in inventories of finished goods and work-in-progress | | 5,333.78 | - | 5,333.78 |
| Excise duty | c | - | 13,894.24 | 13,894.24 |
| Employee benefits expense | a | 2,967.17 | (5.72) | 2,961.45 |
| Finance costs | e | 10,221.83 | 776.93 | 10,998.76 |
| Depreciation and amortisation expense | | 6,371.56 | - | 6,371.56 |
| Foreign exchange fluctuation | e,g | 1,812.15 | (702.50) | 1,109.65 |
| Other expenses | h | 13,603.73 | 223.43 | 13,827.16 |
| Total expenses (IV) | | 118,074.95 | 14,186.38 | 132,261.33 |
| V. Profit/ (loss) before tax (III-IV) | | (1,650.92) | (437.30) | (2,088.22) |
| VI. Tax expenses | | | | |
| Current tax | | (5.31) | - | (5.31) |
| Deferred tax | j | (438.01) | (8.50) | (446.51) |
| VII. Profit / (loss) for the year (V-VI) | | (1,207.60) | (428.80) | (1,636.40) |

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

52. Explanation of transition to Ind AS (Continued)

| | Note | Amount in ₹ Lakhs | | |
|--|------|--------------------------|------------------------------------|------------|
| | | Year ended 31 March 2016 | | |
| | | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
| VIII. Other comprehensive income (net of tax) | | | | |
| A. Items that will not be reclassified subsequently to profit or loss | | | | |
| (a) Remeasurements of defined benefit liability/ (asset) | a | - | (5.72) | (5.72) |
| (b) Equity instruments through other comprehensive income - net change in fair value (net of taxes) | f | - | 239.00 | 239.00 |
| (c) Income taxes relating to items that will not be reclassified to profit or loss | | - | 1.98 | 1.98 |
| Net other comprehensive income not to be reclassified subsequently to profit or loss | | - | 235.26 | 235.26 |
| B. Items that will be reclassified subsequently to profit or loss | | | | |
| (a) Effective portion of gains/(losses) on hedging instruments in cash flow hedges | g | - | 3,045.48 | 3,045.48 |
| (b) Effective portion of gains/(losses) on hedging instruments in cash flow hedges reclassified to profit and loss | g | - | (4,656.41) | (4,656.41) |
| Net other comprehensive income to be reclassified subsequently to profit or loss | | - | (1,610.93) | (1,610.93) |
| Other comprehensive income for the year, net of income tax | | - | (1,375.67) | (1,375.67) |
| IX. Total comprehensive income for the year (VII+VIII) | | (1,207.60) | (1,804.47) | (3,012.07) |

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

- E.** There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.
- F. Notes to the reconciliations of equity as at 1 April 2015 and 31 March 2016 and total comprehensive income for the year ended 31 March 2016**

(a) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2015 or as on 31 March 2016.

(b) Proposed dividend

Under previous GAAP, dividends proposed by the Board of Directors after the reporting date but before the approval of Standalone financial statements were considered to be adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Standalone Balance sheet | | |
| Provisions - proposed dividend including dividend distribution tax | - | 251.79 |
| Adjustment to Retained earnings | - | 251.79 |

(c) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2016. The total comprehensive income for the year ended and equity as at 31 March 2016 has remained unchanged.



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

52. Explanation of transition to Ind AS (Continued)

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs |
|--|-----------------------------|
| | Year ended 31 March 2016 |
| Standalone Statement of Profit and Loss | |
| Profit or loss: | |
| Revenue from operations | (13,894.24) |
| Excise duty | 13,894.24 |
| Adjustment before income tax | - |

(d) Amortisation of non-current trade receivable

On transition to Ind AS, the Company has recognised non-current trade receivables at amortised cost based on business model as required by Ind AS 109. Consequently, trade receivables are measured at amortised cost with a corresponding decrease in retained earnings on the date of transition and 31 March 2016.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs |
|--|-----------------------------|
| | Year ended 31 March 2016 |
| Standalone Statement of Profit and Loss | |
| Profit or loss: | |
| Other Income - Unwinding of discount on security deposits and others | (3.99) |
| Adjustment before income tax | (3.99) |

| | Amount in ₹ Lakhs | |
|---------------------------------|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Standalone Balance sheet | | |
| Trade receivables | (14.06) | (10.07) |
| Related tax impact | 4.87 | 3.49 |
| Adjustment to Retained earnings | (9.19) | (6.58) |

(e) Borrowings at amortised cost

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs |
|--|-----------------------------|
| | Year ended 31 March 2016 |
| Standalone Statement of Profit and Loss | |
| Profit or loss: | |
| Finance costs - Interest expense | 776.93 |
| Foreign exchange fluctuation | (40.72) |
| Adjustment before income tax | 736.21 |

| | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Standalone Balance sheet | | |
| Borrowings at amortised cost | 949.80 | 79.76 |
| Other financial liabilities - Current maturities of long-term debts | - | 820.24 |
| Other financial liabilities - Interest accrued but not due on borrowings | (124.13) | (810.54) |
| Related tax effect | (285.75) | (30.96) |
| Adjustment to Retained earnings | 539.92 | 58.50 |

(f) Fair valuation of investments

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries have been fair valued. The Company has designated certain investments classified as fair value through profit or loss with certain others equity investments designated as at fair value through other comprehensive income as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost.

Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

52. Explanation of transition to Ind AS (Continued)

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|----------|
| | Year ended 31 March 2016 | |
| Standalone Statement of Profit and Loss | | |
| Profit or loss: | | |
| Other income - Gain of fair valuation of investments through Profit and Loss | | (148.96) |
| Other income - Gain on sale of current investments | | 561.67 |
| OCI: | | |
| Equity instruments through other comprehensive income - net change in fair value | | (239.00) |
| Adjustment before income tax | | 173.71 |

| | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Standalone Balance sheet | | |
| Investments - Equity instrument carried at fair value through other comprehensive income (FVOCI) | 2,730.93 | 2,969.93 |
| Investments - Mutual funds (quoted) carried at fair value through profit or loss (FVTPL) | 412.71 | - |
| Related tax effect | - | - |
| Adjustment to Retained earnings | 3,143.64 | 2,969.93 |

(g) Derivatives

Under Previous GAAP, the Company had classified amounts received from its investor as subscription towards Foreign currency convertible bonds under borrowings in accordance with the generally accepted accounting principles. Under Ind AS these financial instruments were separated into financial liability and embedded derivative components. The derivative component has been recognised and subsequently measured at fair value on reporting dates. The recognition and subsequent measurement of embedded derivatives resulted in decrease in equity by ₹ 608.66 lakhs as on 1 April 2015.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|------------|
| | Year ended 31 March 2016 | |
| Standalone Statement of Profit and Loss | | |
| Profit or loss: | | |
| Foreign exchange fluctuation | | (661.78) |
| OCI: | | |
| Effective portion of gains/(losses) on hedging instruments in cash flow hedges | | 3,045.48 |
| Effective portion of gains/(losses) on hedging instruments in cash flow hedges reclassified to profit and loss | | (4,656.41) |
| Adjustment before income tax | | (1,610.93) |

| | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Standalone Balance sheet | | |
| Embedded derivative- financial liability at FVTPL | (608.65) | - |
| Derivatives- financial liability (forward contracts) at FVTPL | 184.67 | 13.15 |
| Other current assets - other receivables (Premium on forward contract) | (243.50) | (18.85) |
| Related tax effect | 231.00 | 1.97 |
| Adjustment to Retained earnings | (436.48) | (3.73) |

(h) Amortisation of security deposits

Unlike in previous GAAP, Ind AS requires the financial asset to be measured at amortised costs if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Pursuant to the above, security deposits has been measured at amortised cost. The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|----------|
| | Year ended 31 March 2016 | |
| Standalone Statement of Profit and Loss | | |
| Profit or loss: | | |
| Other Income - Unwinding of discount on security deposits and others | | (263.56) |
| Other Expenses - Rent | | 223.43 |
| Adjustment before income tax | | (40.13) |



Notes to the Standalone

financial statements for the year ended 31 March 2017 (Continued)

52. Explanation of transition to Ind AS (Continued)

| | Amount in ₹ Lakhs | |
|---|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Standalone Balance sheet | | |
| Loans - Security and other deposits | (2,377.38) | (2,970.58) |
| Other non-current assets - prepaid rent | 1,966.95 | 2,483.05 |
| Other current assets - other receivable | 227.23 | 344.46 |
| Related tax effect | 63.40 | 49.50 |
| Adjustment to Retained earnings | (119.80) | (93.57) |

(i) Financial guarantee

Under the previous GAAP, the guarantee fee received relating to financial guarantee given to bank on behalf of a subsidiary in connection with Stand by Letter of credit for working capital loan and term loan availed by the subsidiary for was recognised as per agreed terms of the agreement. Under Ind AS 109, the consideration for received is financial guarantee given to bank on behalf of a subsidiary is recognised at the fair value.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|---|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Standalone Balance sheet | | |
| Other financial assets - Guarantee fee receivable | 40.27 | 21.75 |
| Other financial liabilities - Financial guarantee liability | (40.27) | (21.75) |
| Related tax effect | - | - |
| Adjustment to Retained earnings | - | - |

(j) Income tax

The above changes increase/ (decrease) in the deferred tax liability is based on tax rate of 34.608% is as follows:

| | Note | Amount in ₹ Lakhs | |
|---|------|-------------------|---------------|
| | | 1 April 2015 | 31 March 2016 |
| Amortisation of non-current trade receivable | d | 4.87 | 3.49 |
| Borrowings at amortised cost | e | (285.75) | (30.96) |
| Derivatives | g | 231.00 | 1.97 |
| Amortisation of security deposits | h | 63.40 | 49.50 |
| Increase/(Decrease) in deferred tax liability | | 13.52 | 24.00 |

(k) Retained earnings

The above changes increase/ (decrease) total equity as follows:

| | Note | Amount in ₹ Lakhs | |
|--|------|-------------------|---------------|
| | | 1 April 2015 | 31 March 2016 |
| Proposed dividend | b | - | 251.79 |
| Amortisation of non-current trade receivable | d | (14.06) | (10.07) |
| Borrowings at amortised cost | e | 825.67 | 89.46 |
| Fair valuation of investments | f | 3,143.64 | 2,969.93 |
| Derivatives | g | (667.48) | (5.70) |
| Amortisation of security deposits | h | (183.20) | (143.07) |
| Tax effects on above adjustments | j | 13.52 | 24.00 |
| Increase in total equity | | 3,118.09 | 3,176.34 |

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLCO42756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Bajrang Lal Sharma
Company Secretary

INDEPENDENT

AUDITORS' REPORT

To the Members of

Himadri Speciality Chemical Limited

(formerly known as Himadri Chemicals & Industries Limited)

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited) (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising the consolidated Balance Sheet as at 31 March 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the respective standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on standalone financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group as at 31 March 2017, and their consolidated financial performance (including other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements of three subsidiaries- Equal Commodeal Private Limited, AAT Global Limited and Shandong Dawn Himadri Chemical Industry Limited for the year ended 31 March 2017, whose financial statements reflect total assets of ₹ 10,718.31 lakhs and net assets of ₹ 4,277.15 lakhs as at 31 March 2017, total revenues of ₹ 1,883.51 lakhs and net cash outflows amounting to ₹ 486.33 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management for the purpose of consolidation and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.



INDEPENDENT

AUDITORS' REPORT *(Continued)*

The two subsidiaries namely AAT Global Limited and Shandong Dawn Himadri Chemical Industry Limited, are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company.

- (b) Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements furnished to us and certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of other auditors on standalone financial statements and the other financial information of subsidiaries as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
 - d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder;
 - e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary incorporated in India, none of the Directors of the Group Companies incorporated in India are disqualified

as on 31 March 2017 from being appointed as a director of the Company in terms of Section 164(2) of the Act;

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"; and
- g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us and based on the consideration of the report of the other auditors on standalone financial statements, as also the other financial information of the subsidiaries, as noted in the 'Other Matters' paragraph:
 - i. The consolidated Ind AS financial statement disclose the impact of pending litigations on the consolidated financial position of the Group - refer note 7, 15, 22 and 33(a) to the consolidated Ind AS financial statements;
 - ii. The Group has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - refer note 20 to the consolidated Ind AS financial statements;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India; and
 - iv. The requisite disclosures in the consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 have been provided with respect to Holding Company and subsidiary incorporated in India. Based on audit procedures, and reliance on the management representation and report of the other auditor of the subsidiary company incorporated in India as noted in the other matters paragraph, we report that the disclosures are in accordance with the books of account and other records maintained by the Holding Company and a subsidiary company incorporated in India and as produced to us by the Management of the Holding Company- refer note 46 to the consolidated Ind AS financial statements.

For **B S R & Co. LLP****Chartered Accountants**

Firm's Registration No. 101248W/W-100022

Sd/-

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place: Kolkata

Date: 10 May 2017

Annexure-A

to the Independent Auditors' Report of even date on the Consolidated Ind as financial statements of Himadri Speciality Chemical Limited- 31 March 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the Consolidated Ind AS financial statements of the Group as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited) (hereinafter referred to as "the Holding Company") and considered the internal financial controls over financial reporting of its subsidiary company, Equal Commoddeal Private Limited, incorporated in India as of 31 March 2017, which has been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Internal financial control, in so far as it relates to the aforesaid subsidiary is based on the corresponding report of the auditor of subsidiary company.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal financial control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to policies of Holding Company and its subsidiary company incorporated in India, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its subsidiary Company incorporated in India internal financial control system over financial reporting.



Annexure-A

to the Independent Auditors' Report of even date on the Consolidated Ind as financial statements of Himadri Speciality Chemical Limited- 31 March 2017 (Continued)

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary company incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to its subsidiary company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

Consolidated Balance Sheet

as at 31 March 2017

Amount in ₹ Lakhs

| | Note | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|------|-------------------|-------------------|-------------------|
| ASSETS | | | | |
| (1) Non-current assets | | | | |
| (a) Property, plant and equipment | 4 | 117,382.03 | 117,988.27 | 122,826.32 |
| (b) Capital work-in-progress | 5 | 1,298.98 | 3,138.01 | 1,412.30 |
| (c) Financial assets | | | | |
| (i) Investments | 6 | 8,657.38 | 3,167.02 | 2,928.02 |
| (ii) Trade receivables | 7 | 798.79 | 788.03 | 784.04 |
| (iii) Loans | 10 | 1,874.11 | 1,800.50 | 1,906.77 |
| (iv) Other financial assets | 11 | 6.71 | 2.45 | 41.65 |
| (d) Non-current tax assets (net) | 12 | 409.72 | 409.72 | 362.22 |
| (e) Other non-current assets | 13 | 10,569.27 | 8,421.11 | 8,636.03 |
| Total Non-current assets | | 140,996.99 | 135,715.11 | 138,897.35 |
| (2) Current assets | | | | |
| (a) Inventories | 14 | 39,589.40 | 31,962.14 | 36,753.46 |
| (b) Financial assets | | | | |
| (i) Investments | 6 | 37.67 | 2,100.00 | 2,512.71 |
| (ii) Trade receivables | 7 | 22,119.53 | 20,391.10 | 32,125.72 |
| (iii) Cash and cash equivalents | 8 | 1,205.08 | 2,966.95 | 1,739.01 |
| (iv) Other bank balances | 9 | 2,466.06 | 1,693.07 | 2,394.01 |
| (v) Loans | 10 | 483.60 | 193.38 | 158.48 |
| (vi) Other financial assets | 11 | 864.26 | 903.33 | 273.24 |
| (c) Other current assets | 15 | 11,272.70 | 10,293.52 | 12,054.20 |
| Total Current assets | | 78,038.30 | 70,503.49 | 88,010.83 |
| TOTAL ASSETS | | 219,035.29 | 206,218.60 | 226,908.18 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| (a) Equity share capital | 16 | 4,184.08 | 4,184.08 | 3,857.33 |
| (b) Other equity | 17 | 98,826.33 | 83,685.40 | 78,111.56 |
| Equity attributable to the owners of the Company | | 103,010.41 | 87,869.48 | 81,968.89 |
| Non-controlling interests | | (36.84) | (4.92) | 32.05 |
| Total Equity | | 102,973.57 | 87,864.56 | 82,000.94 |
| Liabilities | | | | |
| (1) Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 18 | 38,703.12 | 36,600.20 | 52,264.45 |
| (ii) Trade payables | 19 | - | - | 20.56 |
| (iii) Derivatives | 20 | 882.32 | 5,943.01 | 5,764.15 |
| (iv) Other financial liabilities | 21 | 25.77 | 25.77 | 1,195.04 |
| (b) Provisions | 22 | 178.86 | 102.93 | 78.42 |
| (c) Deferred tax liabilities (net) | 31 | 8,974.27 | 4,757.70 | 5,206.19 |
| Total Non-current liabilities | | 48,764.34 | 47,429.61 | 64,528.81 |
| (2) Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 18 | 35,815.58 | 41,190.99 | 52,633.11 |
| (ii) Trade payables | 19 | 17,829.43 | 11,527.39 | 10,847.42 |
| (iii) Derivatives | 20 | 4,594.40 | 245.39 | 5,096.69 |
| (iv) Other financial liabilities | 21 | 3,982.66 | 14,002.91 | 7,717.78 |
| (b) Other current liabilities | 23 | 5,057.12 | 3,891.48 | 4,005.51 |
| (c) Provisions | 22 | 18.19 | 66.27 | 77.92 |
| Total Current liabilities | | 67,297.38 | 70,924.43 | 80,378.43 |
| TOTAL EQUITY AND LIABILITIES | | 219,035.29 | 206,218.60 | 226,908.18 |
| Significant accounting policies | 3 | | | |

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLCO42756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Bajrang Lal Sharma
Company Secretary



Consolidated Statement of Profit and Loss

for the year ended 31 March 2017

Amount in ₹ Lakhs

| | Note | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|------|-----------------------------|-----------------------------|
| I. Revenue from operations | 24 | 149,008.82 | 132,237.61 |
| II. Other income | 25 | 583.70 | 888.68 |
| III. Total income (I + II) | | 149,592.52 | 133,126.29 |
| IV. Expenses | | | |
| Cost of materials consumed | 26 | 87,458.98 | 78,948.43 |
| Changes in inventories of finished goods and work-in-progress | 27 | 703.09 | 5,552.88 |
| Excise duty | | 14,708.21 | 13,894.24 |
| Employee benefits expense | 28 | 3,730.54 | 3,196.45 |
| Finance costs | 29 | 8,157.74 | 11,110.98 |
| Depreciation and amortisation expense | 4 | 3,278.14 | 6,704.74 |
| Foreign exchange fluctuation | | 2,812.33 | 1,244.25 |
| Other expenses | 30 | 16,276.91 | 14,821.81 |
| Total expenses (IV) | | 137,125.94 | 135,473.78 |
| V. Profit/ (loss) before tax (III-IV) | | 12,466.58 | (2,347.49) |
| VI. Tax expenses | 31 | | |
| Current tax | | - | (5.31) |
| Deferred tax | | 4,222.76 | (446.51) |
| VII. Profit/ (loss) for the year (V-VI) | | 8,243.82 | (1,895.67) |
| VIII. Other comprehensive income (net of tax) | | | |
| A. Items that will not be reclassified subsequently to profit or loss | | | |
| (a) Remeasurement of defined benefit liability/ (asset) | | (17.88) | (5.72) |
| (b) Equity instruments through other comprehensive income - net change in fair value (net of taxes) | | 5,509.67 | 239.00 |
| (c) Income tax relating to items that will not be reclassified to profit or loss | | 6.19 | 1.98 |
| Net other comprehensive income not to be reclassified subsequently to profit or loss | | 5,497.98 | 235.26 |
| B. Items that will be reclassified subsequently to profit or loss | | | |
| (a) Effective portion of gain (losses) on hedging instruments in cash flow hedges | | 168.36 | 3,045.48 |
| (b) Effective portion of gain (losses) on hedging instruments in cash flow hedges reclassified to profit and loss | | - | (4,656.41) |
| (c) Exchange differences in translating financial statements of foreign operations | | (734.82) | (139.24) |
| Net other comprehensive income to be reclassified subsequently to profit or loss | | (566.46) | (1,750.17) |
| Other comprehensive income for the year, net of income tax | | 4,931.52 | (1,514.91) |
| IX. Total comprehensive income for the year (VII+VIII) | | 13,175.34 | (3,410.58) |
| X. Profit attributable to: | | | |
| Owners of the Company | | 8,277.57 | (1,858.44) |
| Non-controlling interests | | (33.75) | (37.23) |
| Profit/ (loss) before tax | | 8,243.82 | (1,895.67) |
| XI. Other comprehensive income attributable to: | | | |
| Owners of the Company | | 4,931.52 | (1,514.91) |
| Non-controlling interests | | - | - |
| Other comprehensive income for the year | | 4,931.52 | (1,514.91) |
| XII. Total comprehensive income attributable to: | | | |
| Owners of the Company | | 13,209.09 | (3,373.35) |
| Non-controlling interests | | (33.75) | (37.23) |
| Total comprehensive income for the year | | 13,175.34 | (3,410.58) |
| XIII. Earnings/ (loss) per equity share | 32 | | |
| [Face value of equity share ₹ 1 each (previous year ₹ 1 each)] | | | |
| - Basic | | 1.98 | (0.48) |
| - Diluted | | 1.98 | (0.48) |
| Significant accounting policies | 3 | | |

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLCO42756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Bajrang Lal Sharma
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended 31 March 2017

A. Equity share capital

| Particulars | Note | Numbers | Amount in ₹ Lakhs |
|--|------|---------------------|-------------------|
| Balance as at 1 April 2015 | | 38,57,32,570 | 3,857.33 |
| Changes in equity share capital during 2015-16 | 16 | 3,26,75,297 | 326.75 |
| Balance as at 31 March 2016 | | 41,84,07,867 | 4,184.08 |
| Changes in equity share capital during 2016-17 | 16 | - | - |
| Balance as at 31 March 2017 | | 41,84,07,867 | 4,184.08 |

B. Other equity

| Particulars | Note | Attributable to the owners of the Company | | | | | | | Amount in ₹ Lakhs | | | | | | |
|--|------|---|----------------------------|-------------------------|-----------------|----------------------------------|-------------------|---|-------------------|---------------------------------------|---|---|---|---|------------|
| | | Reserves and surplus | | | | Items of OCI | | | | | | | | | |
| | | Capital reserve | Securities premium reserve | Debt redemption reserve | General reserve | Share option outstanding reserve | Retained earnings | Foreign currency monetary item translation difference account | | Effective portion of cash flow hedges | Exchange differences on translation of foreign operations | Equity instruments through other comprehensive income | Total attributable to the owners of the Company | Attributable to Non-controlling interests | Total |
| Balance at 1 April 2015 | | 1,280.50 | 39,483.98 | 5,009.64 | 11,517.44 | - | 24,918.44 | (40.24) | (3,925.75) | (132.45) | - | - | 78,111.56 | 32.05 | 78,143.61 |
| Total comprehensive income for the year ended 31 March 2016 | | - | - | - | - | - | (1,858.44) | - | (1,610.93) | (139.24) | - | 239.00 | (1,858.44) | (37.23) | (1,895.67) |
| Profit or Loss | | - | - | - | - | - | (3.74) | - | (1,610.93) | (139.24) | - | 239.00 | (1,514.91) | - | (1,514.91) |
| Other comprehensive income (net of tax) | | - | - | - | - | - | (1,862.18) | - | (1,610.93) | (139.24) | - | 239.00 | (3,373.35) | (37.23) | (3,410.58) |
| Total comprehensive income | | - | - | - | - | - | (1,862.18) | - | (1,610.93) | (139.24) | - | 239.00 | (3,373.35) | (37.23) | (3,410.58) |
| Issue of equity share | 16 | - | 5,881.55 | - | - | - | - | 112.76 | - | - | - | - | 5,881.55 | - | 5,881.55 |
| Amortisation of exchange fluctuation | | - | - | - | - | - | - | - | - | - | - | - | 112.76 | - | 112.76 |
| Deferred hedging gain/ (loss) | | - | - | - | - | - | - | - | 3,025.40 | - | - | - | 3,025.40 | - | 3,025.40 |
| Transfer from debenture redemption reserve | | - | - | (2,152.50) | 2,152.50 | - | - | - | - | - | - | - | - | - | - |
| Transfer to debenture redemption reserve | | - | - | 678.57 | - | - | - | (678.57) | - | - | - | - | - | - | - |
| Exchange differences on translation of foreign operations | | - | - | - | - | - | - | - | - | - | - | - | - | 0.26 | 0.26 |
| Exchange gain/ (loss) on foreign currency convertible bond (FCCB) / foreign currency term loan | | - | - | - | - | - | - | - | (72.52) | - | - | - | (72.52) | - | (72.52) |
| Balance at 31 March 2016 | | 1,280.50 | 45,365.53 | 3,535.71 | 13,669.94 | - | 22,377.69 | - | (2,511.28) | (271.69) | 239.00 | 83,685.40 | (4.92) | 83,680.48 | |

Consolidated Statement of Changes in Equity

for the year ended 31 March 2017 (Continued)

| Particulars | Note | Attributable to the owners of the Company | | | | | | | Total attributable to the owners of the Company | Attributable to Non-controlling interests | Total equity | | | |
|--|------|---|----------------------------|------------------------------|-----------------|----------------------------------|-------------------|---|---|---|--------------|---------------------------------------|--|---|
| | | Reserves and surplus | | | | Items of OCI | | | | | | | | |
| | | Capital reserve | Securities premium reserve | Debenture redemption reserve | General reserve | Share option outstanding reserve | Retained earnings | Foreign currency monetary item translation difference account | | | | Effective portion of cash flow hedges | Exchange differences in translating financial statements of foreign operations | Equity instruments through other comprehensive income |
| Balance at 1 April 2016 | | 1,280.50 | 45,365.53 | 3,535.71 | 13,669.94 | - | 22,377.69 | - | (2,511.28) | (271.69) | 239.00 | 83,685.40 | (4.92) | 83,680.48 |
| Total comprehensive income for the year ended 31 March 2017 | | - | - | - | - | - | 8,277.57 | - | 168.36 | (734.82) | 5,509.67 | 8,277.57 | (33.75) | 8,243.82 |
| Profit or loss | | - | - | - | - | - | (11.69) | - | - | - | - | 4,931.52 | - | 4,931.52 |
| Other comprehensive income (net of tax) | | - | - | - | - | - | - | - | 168.36 | (734.82) | 5,509.67 | 13,209.09 | (33.75) | 13,175.34 |
| Total comprehensive income | | - | - | - | - | - | 8,265.88 | - | 168.36 | (734.82) | 5,509.67 | (251.79) | - | (251.79) |
| Dividends (including dividend distribution tax) | 51 | - | - | - | - | - | (251.79) | - | - | - | - | 2,158.23 | - | 2,158.23 |
| Deferred hedging gain/(loss) | | - | - | - | - | - | - | - | 2,158.23 | - | - | 25.40 | - | 25.40 |
| Share based payment expense | 37 | - | - | - | - | - | (678.56) | - | - | - | - | - | - | - |
| Transfer to debenture redemption reserve | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange differences on translation of foreign operations | | - | - | - | - | - | - | - | - | - | - | - | 1.83 | 1.83 |
| Balance at 31 March 2017 | | 1,280.50 | 45,365.53 | 4,214.27 | 13,669.94 | 25.40 | 29,713.22 | - | (184.69) | (1,006.51) | 5,748.67 | 98,826.33 | (36.84) | 98,789.49 |

Significant accounting policies 3

The accompanying notes form an integral part of the Consolidated financial statements.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Place: Kolkata
Date: 10 May 2017

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Bajrang Lal Sharma
Company Secretary

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Cash Flows

Consolidated Statement of
for the year ended 31 March 2017

| | Amount in ₹ Lakhs | |
|---|--------------------------|--------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| A. Cash flows from operating activities | | |
| Net profit/ (loss) before tax | 12,466.58 | (2,347.49) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 3,278.14 | 6,704.74 |
| Shares based options outstanding | 25.40 | - |
| Finance costs | 8,157.74 | 11,110.98 |
| Interest income | (190.99) | (256.15) |
| Unwinding of discount on security deposits and others | (166.63) | (267.55) |
| Gain of fair valuation of investments through profit or loss | (65.56) | (148.96) |
| Dividend income on equity securities | (0.22) | (0.38) |
| Gain on sale of current investments (mutual funds) | (29.57) | (51.63) |
| Foreign exchange fluctuation (net) | 1,994.25 | 1,705.21 |
| Net gain on sale of property, plant and equipment | (39.21) | (3.82) |
| | 12,963.35 | 18,792.44 |
| Operating cash flows before working capital changes | 25,429.93 | 16,444.95 |
| Working capital adjustments: | | |
| (Increase)/ decrease in inventories | (7,627.26) | 4,791.32 |
| (Increase)/ decrease in trade receivables | (1,749.51) | 11,734.62 |
| (Increase)/ decrease in financial and other assets | (1,541.22) | 1,383.03 |
| Increase/ (decrease) in trade payables | 6,472.99 | 679.97 |
| Increase/ (decrease) in financial, other liabilities and provisions | 1,892.67 | (5,390.94) |
| | (2,552.33) | 13,198.00 |
| Cash generated from operating activities | 22,877.60 | 29,642.95 |
| Income tax paid (net) | (2,338.44) | (42.19) |
| Net cash from operating activities (A) | 20,539.16 | 29,600.76 |
| B. Cash flows from investing activities | | |
| Acquisition of property, plant and equipments | (472.14) | (1,510.48) |
| Proceeds from sale of property, plant and equipments | 44.61 | 19.08 |
| Interest received | 170.60 | 290.15 |
| Dividends received | 0.22 | 0.38 |
| Proceeds from sale of investments | 2,803.07 | 2,100.00 |
| Purchase of investments | (13.00) | (2,100.00) |
| (Investment)/ redemption in fixed deposits with banks (having maturity of more than 3 months) | (781.27) | 725.04 |
| Net cash provided/ (used) in investing activities (B) | 1,752.09 | (475.83) |



Consolidated Statement of Cash Flows

for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | |
|--|--------------------------|--------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| C. Cash flows from financing activities | | |
| Non controlling interests contribution | 1.83 | 0.26 |
| Proceeds from long-term borrowings | 5,053.04 | 42.16 |
| Repayment of long-term borrowings | (11,880.34) | (6,844.39) |
| Increase/ (decrease) in short term borrowings | (4,983.82) | (12,607.33) |
| Interest paid | (10,359.79) | (8,540.06) |
| Net proceeds/ (outflow) on settlement of derivative contracts | (896.99) | 173.59 |
| Dividend paid (including dividend distribution tax) | (251.79) | - |
| Net cash provided by/ (used in) financing activities (C) | (23,317.86) | (27,775.77) |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | (1,026.61) | 1,349.16 |
| Cash and cash equivalents at 1 April (refer note 8 to the Consolidated financial statements) | 2,966.95 | 1,739.01 |
| Effect of changes in exchange differences in translating financial statements of foreign operations | (734.82) | (139.24) |
| Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts) | (0.44) | 18.02 |
| Cash and cash equivalents at 31 March (refer note 8 to the Consolidated financial statements) | 1,205.08 | 2,966.95 |

Notes:

- Consolidated Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 specified under Section 133 of the Companies Act, 2013.
- Acquisition of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
- Figures in brackets indicate cash outflows.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Bajrang Lal Sharma
Company Secretary

Notes to the Consolidated

financial statements for the year ended 31 March 2017

1. Reporting entity

Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited ('the Holding Company' or 'the Company')) is a public company domiciled and headquartered in India, having its registered office situated at 23A, N. S Road, Kolkata. The Holding Company was originally incorporated on 28 July 1987 and its shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Holding Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Holding Company has operations in India and caters to both domestic and international markets. The Holding Company also has a wholly-owned subsidiary in India in the name of Equal Commodeal Private Limited, a step down wholly-owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and another step down subsidiary with 94% shareholding in the name of Shandong Dawn Himadri Chemical Industry Limited, incorporated in China, collectively referred to as "the Group".

2. Basis of preparation of Consolidated financial statements

(a) Statement of compliance

These Consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India ('SEBI'), as applicable.

The Consolidated financial statements for the year ended 31 March 2016 were prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Group's first Consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group's is provided in note 47.

The Consolidated financial statements are authorised for issue by the Board of Directors of the Holding Company at their meeting held on 10 May 2017.

The details of the Group's accounting policies are included in note 3.

(b) Functional and presentation currency

These Consolidated financial statements are presented in Indian Rupees (₹), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

(c) Basis of measurement

The Consolidated financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

- (i) Derivative financial instruments measured at fair value;
- (ii) Certain financial assets and financial liabilities measured at fair value;
- (iii) Assets held for sale-measured at the lower of its carrying amount and fair value less costs to sell;
- (iv) Employee's defined benefit plan as per actuarial valuation; and
- (v) Share-based payments

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(d) Use of estimates and judgements

The preparation of the Group's Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Consolidated financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. The changes in the estimates are reflected in the Consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated financial statements.

Critical accounting estimates and key sources of estimation uncertainty: Key assumptions

(i) Useful lives of Property, plant and equipment

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset.



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The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets. See note 3 (d) and 4 for details.

(ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility risk, credit risk and volatility. See note 3(v) and 41 for details.

(iii) Defined benefit plan

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuations using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 3(g) and 36 for details.

(iv) Share-based payments

The Group measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 37.

(v) Recognition of current tax and deferred tax

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted by the reporting date and the amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Deferred tax is

measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. See note 3(m) and 31 for details.

(vi) Recognition and measurement of provisions and contingencies

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. See note 22, 33 and 41 for details.

(e) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Group has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy

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as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 37 and 40.

(f) Basis of consolidation

(i) Business combination

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets.

As part of its transition to Ind AS, the Group has elected to avail the exemption under Ind AS 103 for business combinations prior to the transition date i.e. 1 April 2015 (refer note 47).

(ii) Subsidiaries

These Consolidated financial statements are prepared on the following basis in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS - 110, specified under Section 133 of the Companies Act, 2013).

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries considered in the Consolidated financial statements are:

| Name of the Company | Country of incorporation | Current Year Percentage Holding - Share | Previous Year Percentage Holding - Share |
|---|--------------------------|---|--|
| Equal Commodéal Private Limited | India | 100% | 100% |
| AAT Global Limited | Hong Kong | 100% | 100% |
| Shandong Dawn Himadri Chemical Industry Limited | China | 94% | 94% |

(iii) Non-controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

(v) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiaries used in the consolidation procedures are drawn upto the same reporting date i.e 31 March 2017.

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with subsidiaries are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies

(a) Current and non-current classification

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.



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Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Group's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

For the purpose of current/non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

(b) (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at an average rate which approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Group under Ind AS 101.

(ii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries) like fair value adjustments arising on acquisition, are translated into ₹, the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at an average rate.

The Group has elected not to apply Ind AS 103-Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April 2015. Consequently, the Group has kept the same classification for the past business combinations as in its previous GAAP financial statements.

When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognized in Other Comprehensive Income (OCI) is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to Non-controlling Interest (NCI).

(c) Financial instruments

(i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)- Equity Investment; or
- fair value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it

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meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The effective interest rate (EIR) amortisation is included in finance income in the Consolidated Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI-equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

In accordance with Ind AS 101, the Group has irrevocably designated its investment in equity instruments (other than investment in subsidiary) as FVOCI on the date of transition to Ind AS.

Financial assets at FVTPL

All financial assets which are not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Consolidated Statement of Profit and Loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in consolidated Statement of Profit and Loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in Consolidated Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Consolidated Statement of Profit and Loss. |



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Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities through FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. See note 3 (c) (v) for financial liabilities designated as hedging instruments.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Consolidated Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

Financial guarantee liability

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value net off transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset:

- when the contractual rights to the cash flows from the financial asset expire, or

- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Consolidated Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Consolidated Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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Cash flow hedges

The Group uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk in forecast transactions and firm commitments.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. The use of hedge instruments is governed by the Group's policies approved by the Board of Directors. The Group does not use these contracts for trading or speculative purposes.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Consolidated Statement of Profit and Loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, the amount accumulated in other equity is reclassified to Consolidated Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Consolidated Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Consolidated Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Consolidated Statement of Profit and Loss.

If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Consolidated Statement of Profit and Loss.

Derivatives that are not designated as hedge

The Group enters into certain derivative contracts

to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Consolidated Statement of Profit and Loss.

(vi) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Embedded derivative are accounted for as separate derivative and recorded at fair value with changes in fair value recognised in Consolidated Statement of Profit and Loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate components of property, plant and equipment.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Consolidated Statement of Profit and Loss. Property, plant and equipment under construction are disclosed as Capital work-in-progress. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.



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Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016, are continued to be capitalised as per policy stated in note 3 (b) above.

(ii) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. See note 4 for details.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iv) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Consolidated Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on Property, Plant and equipments situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act. The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

Leasehold land (includes development cost) is amortised on a straight line basis over the period of respective lease, except land acquired on perpetual lease. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate. The estimated useful lives of items of property, plant and equipment for the current period are as follows:

| Asset | Management estimate of useful life (in years) | Useful life as per Schedule II (in years) |
|------------------------|---|---|
| Buildings | 10-60 | 30 |
| Plant and equipment | 5-60 | 8-40 |
| Office equipment | 5-25 | 5 |
| Vehicles | 8-10 | 6-10 |
| Furniture and fixtures | 10 | 8-10 |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation report obtained from an independent valuer, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Estimates in respect of Plant and equipment and Building were revised w.e.f 1 April 2016.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

(e) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Excise duty liability is included in the valuation of closing inventory of the finished goods.

In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

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(f) Impairment

(i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Consolidated Statement of Profit and Loss.

In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 - *Financial Instruments* for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including subsequent information.

(ii) Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Share-based payment transactions

The Group recognises compensation expense relating to share-based payments in Consolidated Statement of Profit and Loss using fair value in accordance with Ind AS 102, *Share Based Payment*.

The grant date fair value of equity settled share-based payment awards granted to employees



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is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions (a) employee provident fund to Government administered provident fund scheme, and (b) superannuation scheme for eligible employees to Life Insurance Corporation of India (LICI), which are defined contribution plans. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding

requirements. The Group recognises all actuarial gains and losses arising from defined benefit plan immediately in the Consolidated Statement of Profit and Loss.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Consolidated Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Consolidated Statement of Profit and Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Group. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Consolidated Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested.

(v) Compensated absences

As per policy of the Group, employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current employee benefit. The Group records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Group. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid

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/ availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(i) Revenue- Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and quantity discounts and exclusive of Sales tax and Value added tax (VAT) and is inclusive of excise duty. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale. Export incentives (duty drawback) are recognised on accrual basis against goods exported.

Revenue from job work charges (excluding service tax) is recognised on completion of job work in accordance with terms of the agreement.

Earning from sale of power is accounted for on tariff rates agreed with respective Electricity Board and are net of discounts for prompt payment of bills.

(j) Government grants

Government grants are recognised in the Consolidated Statement of Profit and Loss as other operating revenue

on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

Government grants that are receivable towards capital investments under State Incentive Scheme are recognised in the Consolidated Statement of Profit and Loss in the period in which they become receivable.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and is being recognised in the Consolidated Statement of Profit and Loss. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(k) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

(ii) Assets held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of



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ownership (i.e. operating leases) are not recognised in the Group's Consolidated Balance Sheet. Payments made under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

(iii) Lease payments

Payments made under operating leases are generally recognised in Consolidated Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(l) Recognition of dividend income, interest income or expense

Dividend income is recognised in Consolidated Statement of Profit and Loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Income tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year

and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (tax base). Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

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Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(n) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(p) Research and development expenses

Revenue expenditure on Research and development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is

capitalised and is depreciated according to the policy followed by the Group.

(q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Holding Company.

(r) Cash and cash equivalents

Cash and cash equivalents include cash and cash-on-deposit with banks. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

(t) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(u) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance. The Group has currently two reportable segments viz. Carbon materials and chemicals and Power.

(v) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods.



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Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

(ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI. Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

(iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iv) Derivative financial liabilities

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(vi) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant

date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk free interest rate (based on government bonds).

3A. Recent accounting pronouncements- Standard issued but not yet effective

(i) Revenue from contracts with customers- Ind AS 115

Ind AS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The effective date of Ind AS 115 is yet to be announced.

(ii) Amendments to Ind AS 7 and Ind AS 102

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, "Statement of cash flows" and Ind AS 102, "Share Based Payments." These amendments are in accordance with the recent amendments made by International Accounting Standard Board (IASB) to IAS 7, "Statement of Cash flows" and IFRS 2, "Share Based Payments", respectively. The amendments are applicable to the Group from 1 April 2017.

a. Amendment to Ind AS 7

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is in the process of evaluating the requirements of the amendment and its relevant impact on the financial statements.

b. Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

This above amendment is not applicable to the Group as it has not yet granted any cash-settled awards during the year ended 31 March 2017.

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Amount in ₹ Lakhs

| | Freehold Land | Leasehold Land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Total |
|---|-----------------|----------------|------------------|---------------------|------------------------|---------------|------------------|-------------------|
| 4. Property, plant and equipment | | | | | | | | |
| See accounting policies in note 3(d) and (f) | | | | | | | | |
| Reconciliation of carrying amount | | | | | | | | |
| Cost or deemed cost (Gross carrying amount) | | | | | | | | |
| Balance at 1 April 2015 | 3,600.94 | 612.41 | 11,434.68 | 138,131.17 | 788.91 | 940.87 | 1,645.11 | 157,154.09 |
| Additions | - | - | 10.60 | 358.59 | 3.49 | 46.87 | 26.83 | 446.38 |
| Disposals/ Discard | - | - | - | (8.14) | - | (65.17) | - | (73.31) |
| Other adjustments: | | | | | | | | |
| - Effect of movement in foreign exchange rates | - | - | - | 1,262.98 | - | - | - | 1,262.98 |
| - Exchange differences on translation of foreign operations | - | 6.74 | 92.34 | 102.70 | 1.23 | 1.95 | 2.53 | 207.49 |
| Balance at 31 March 2016 | 3,600.94 | 619.15 | 11,537.62 | 139,847.30 | 793.63 | 924.52 | 1,674.47 | 158,997.63 |
| Balance at 1 April 2016 | 3,600.94 | 619.15 | 11,537.62 | 139,847.30 | 793.63 | 924.52 | 1,674.47 | 158,997.63 |
| Additions | 69.86 | 29.81 | 144.58 | 2,894.88 | 0.72 | 65.81 | 104.44 | 3,310.10 |
| Disposals/ Discard | (3.65) | - | - | - | (0.37) | (5.88) | (12.40) | (22.30) |
| Other adjustments: | | | | | | | | |
| - Effect of movement in foreign exchange rates | - | - | - | 15.36 | - | - | - | 15.36 |
| - Exchange differences on translation of foreign operations | - | (26.06) | (356.74) | (397.19) | (4.74) | (7.53) | (9.28) | (801.54) |
| Balance at 31 March 2017 | 3,667.15 | 622.90 | 11,325.46 | 142,360.35 | 789.24 | 976.92 | 1,757.23 | 161,499.25 |
| Accumulated depreciation and amortisation | | | | | | | | |
| Balance at 1 April 2015 | - | 35.29 | 2,071.31 | 29,885.33 | 351.98 | 539.26 | 1,444.60 | 34,327.77 |
| Depreciation/ Amortisation for the year | - | 6.78 | 363.33 | 6,062.30 | 82.96 | 98.02 | 91.35 | 6,704.74 |
| Adjustments/ disposals | - | - | - | (0.21) | - | (57.84) | - | (58.05) |
| Exchange differences on translation of foreign operations | - | 0.85 | 11.61 | 18.91 | 0.38 | 0.77 | 2.38 | 34.90 |
| Balance at 31 March 2016 | - | 42.92 | 2,446.25 | 35,966.33 | 435.32 | 580.21 | 1,538.33 | 41,009.36 |
| Balance at 1 April 2016 | - | 42.92 | 2,446.25 | 35,966.33 | 435.32 | 580.21 | 1,538.33 | 41,009.36 |
| Depreciation/ Amortisation for the year | - | 20.32 | 262.95 | 2,775.60 | 76.95 | 95.76 | 46.56 | 3,278.14 |
| Adjustments/ Disposals | - | - | - | - | (0.19) | (3.98) | (11.45) | (15.62) |
| Exchange differences on translation of foreign operations | - | (3.83) | (52.76) | (83.51) | (1.91) | (3.88) | (8.77) | (154.66) |
| Balance at 31 March 2017 | - | 59.41 | 2,656.44 | 38,658.42 | 510.17 | 668.11 | 1,564.67 | 44,117.22 |
| Carrying amounts (net) | | | | | | | | |
| At 1 April 2015 | 3,600.94 | 577.12 | 9,363.37 | 108,245.84 | 436.93 | 401.61 | 200.51 | 122,826.32 |
| At 31 March 2016 | 3,600.94 | 576.23 | 9,091.37 | 103,880.97 | 358.31 | 344.31 | 136.14 | 117,988.27 |
| At 31 March 2017 | 3,667.15 | 563.49 | 8,669.02 | 103,701.93 | 279.07 | 308.81 | 192.56 | 117,382.03 |

Notes:

- During the year ended 31 March 2017, on the basis of technical report obtained from an independent valuer, the management has reassessed estimated useful life of Plant and equipment, and Buildings with effect from 1 April 2016. As a result, the depreciation charge for the year ended 31 March 2017 is lower by ₹ 3,000.91 lakhs and profit before tax for the year ended 31 March 2017 is higher by ₹ 3,000.91 lakhs.
- As at 31 March 2017, properties with carrying amount of ₹ 106,423.43 lakhs (31 March 2016: ₹ 106,374.46 lakhs, 1 April 2015: ₹ 111,018.05 lakhs) are subject to first charge to secure borrowings (refer note 18).
- Opening gross carrying amount include Research and Development Assets (Building, Plant and Equipment, Furniture and fixtures and Office equipment) of ₹ 1,254.12 lakhs (31 March 2016: ₹ 1,159.55 lakhs, 1 April 2015: ₹ 1,159.55 lakhs) and Net Block of ₹ 815.95 lakhs (31 March 2016: ₹ 801.88 lakhs, 1 April 2015: ₹ 895.00 lakhs). Additions for the Research and Development assets during the year 2016-17 is ₹ 94.56 lakhs.
- The Group has elected the option to continue the previous GAAP carrying amount of the property, plant and equipment as at 31 March 2016, to be the value of Gross block on 1 April 2015.



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Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|---------------|---------------|---------------|
| 5. Capital work-in-progress | | | |
| See accounting policy in note 3(d) | | | |
| At the beginning of the year | 3,138.01 | 1,412.30 | 5,926.87 |
| Additions during the year | 1,376.97 | 2,111.38 | 1,486.15 |
| Capitalised during the year | (3,182.84) | (394.31) | (6,015.11) |
| Impact of foreign exchange differences | (33.16) | 8.64 | 14.39 |
| At the end of the year | 1,298.98 | 3,138.01 | 1,412.30 |
| Capital work-in-progress includes: | | | |
| Expenditure incurred during construction period on substantial expansion / new manufacturing facility of the Group, given below: | | | |
| At the beginning of the year | 198.84 | 109.10 | 503.25 |
| Additions during the year: | | | |
| Employee benefits expense | 11.68 | 16.51 | 2.39 |
| Power and fuel | 1.66 | - | 7.45 |
| Rates and taxes | 7.80 | 0.26 | 2.69 |
| Repairs | 1.05 | 3.55 | - |
| Insurance | - | 0.06 | - |
| Finance cost | - | 0.02 | 0.59 |
| Rent | 3.73 | 3.87 | 0.73 |
| Miscellaneous expenses (includes consultancy charges, inspection charges, testing charges, etc.) | 52.53 | 65.47 | 10.73 |
| | 78.45 | 89.74 | 24.58 |
| Less: Capitalised during the year | 259.83 | - | 418.73 |
| At the end of the year | 17.46 | 198.84 | 109.10 |

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|-----------------|-----------------|-----------------|
| 6. Investments | | | |
| See accounting policies in note 3(c)(i) - (ii), (c)(v) and (f)(i) | | | |
| A. Non-current investments | | | |
| Equity instruments carried at fair value through other comprehensive income (FVOCI) | | | |
| Quoted | | | |
| Nil (31 March 2016: 1,275, 1 April 2015: 1,275) equity shares of ACC Limited (face value - ₹ 10 each) | - | 17.60 | 19.90 |
| 334,900 (31 March 2016: 334,900, 1 April 2015: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each) | 1,796.07 | 496.99 | 414.94 |
| Nil (31 March 2016: 1,400, 1 April 2015: 1,400) equity shares of New Delhi Television Limited (face value - ₹ 4 each) | - | 1.49 | 1.60 |
| 8,000 (31 March 2016: 8,000, 1 April 2015: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each) | 1.80 | 1.40 | 1.77 |
| | 1,797.87 | 517.48 | 438.21 |
| Unquoted | | | |
| 720,000 (31 March 2016: 720,000, 1 April 2015: 720,000) equity shares of Himadri Dyes & Intermediates Limited (face value - ₹ 10 each) | 3,755.52 | 1,437.84 | 1,355.04 |
| 17,000 (31 March 2016: 17,000, 1 April 2015: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each) | 1.56 | 1.56 | 1.58 |
| 493,300 (31 March 2016: 493,300, 1 April 2015: 493,300) equity shares of Himadri Industries Limited (face value - ₹ 10 each) | 3,102.36 | 1,210.07 | 1,133.12 |
| | 6,859.44 | 2,649.47 | 2,489.74 |
| Government securities (unquoted) carried at amortised cost | | | |
| Kisan Vikas Patra (Deposited with sales tax authorities) | 0.07 | 0.07 | 0.07 |
| Total | 8,657.38 | 3,167.02 | 2,928.02 |

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financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|---------------|---------------|--------------|
| 6. Investments (Continued) | | | |
| Aggregate book value of quoted investments | 35.89 | 38.82 | 38.82 |
| Aggregate market value of quoted investments | 1,797.87 | 517.48 | 438.21 |
| Aggregate value of unquoted investments | 6,859.51 | 2,649.54 | 2,489.81 |
| B. Current investments | | | |
| Mutual funds (quoted) carried at fair value through profit or loss | | | |
| 187,180 (31 March 2016: 17,273,999, 1 April 2015: Nil) units of UTI Banking & PSU Debt Fund - Direct Plan - Growth | 25.08 | 2,100.00 | - |
| 463 (31 March 2016: Nil, 1 April 2015: Nil) units of UTI-Floating Rate Fund - Direct- Growth | 12.59 | - | - |
| Nil (31 March 2016: Nil, 1 April 2015: 14,935,564) units of UTI Short Term Income Fund - Institutional Option - Growth Plan | - | - | 2,512.71 |
| | 37.67 | 2,100.00 | 2,512.71 |
| Aggregate book value of quoted investments | 22.76 | 2,100.00 | 2,100.00 |
| Aggregate market value of quoted investments | 37.67 | 2,100.00 | 2,512.71 |

Investments in mutual funds amounting to ₹ 25.08 lakhs (31 March 2016: ₹ 2,100.00 lakhs, 1 April 2015: ₹ 2,512.71 lakhs) are pledged with banks against various credit facilities availed by the Group.

Information about the Group's exposure to fair value measurement, credit and market risk are included in note 40 and note 41.

C. Equity shares designated at fair value though other comprehensive income (FVOCI)

As at 1 April 2016, the Group designated the investments shown below as equity instruments at FVOCI because these equity instruments represent investments that the Group intends to hold for long-term for strategic purposes.

Amount in ₹ Lakhs

| | Fair value as at 31 March 2017 | Dividend income recognised during 2016-17 | Fair value as at 31 March 2016 | Dividend income recognised during 2015-16 | Fair value as at 1 April 2015 |
|--|-----------------------------------|---|-----------------------------------|---|----------------------------------|
| Investment in ACC Limited | - | 0.22 | 17.60 | 0.38 | 19.90 |
| Investment in Himadri Credit & Finance Limited | 1,796.07 | - | 496.99 | - | 414.94 |
| Investment in New Delhi Television Limited | - | - | 1.49 | - | 1.60 |
| Investment in Transchem Limited | 1.80 | - | 1.40 | - | 1.77 |
| Investment in Himadri Dyes & Intermediates Limited | 3,755.52 | - | 1,437.84 | - | 1,355.04 |
| Investment in Himadri e-Carbon Limited | 1.56 | - | 1.56 | - | 1.58 |
| Investment in Himadri Industries Limited | 3,102.36 | - | 1,210.07 | - | 1,133.12 |
| | 8,657.31 | 0.22 | 3,166.95 | 0.38 | 2,927.95 |

Equity shares of ACC Limited and New Delhi Television Limited were sold for ₹ 19.31 lakhs (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil).

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--------------------------------|---------------|---------------|--------------|
| 7. Trade receivables | | | |
| Unsecured | | | |
| - Considered good | 22,918.32 | 21,179.13 | 32,909.76 |
| - Considered doubtful | 417.01 | 417.01 | 545.81 |
| | 23,335.33 | 21,596.14 | 33,455.57 |
| Less: Loss for allowances | | | |
| - Provision for doubtful debts | 417.01 | 417.01 | 545.81 |
| | 22,918.32 | 21,179.13 | 32,909.76 |
| Non-current | 798.79 | 788.03 | 784.04 |
| Current | 22,119.53 | 20,391.10 | 32,125.72 |
| | 22,918.32 | 21,179.13 | 32,909.76 |



Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

- (a) For receivables secured against borrowings, refer note 18.
- (b) Non-current trade receivables include an amount of ₹ **798.79 lakhs** (31 March 2016: ₹ 788.03 lakhs, 1 April 2015: ₹ 784.04 lakhs) due from a customer which is currently under arbitration. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Holding Company.
- (c) No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (d) Informations about the Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 41.

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 8. Cash and cash equivalents | | | |
| See accounting policy in note 3(r) | | | |
| Cash on hand | 17.05 | 29.65 | 33.73 |
| Balances with banks | | | |
| - On current accounts | 498.69 | 1,587.00 | 855.96 |
| - On EEFC accounts | 582.52 | 447.48 | 0.01 |
| - On deposit account (with original maturities up to 3 months) | 106.82 | 902.82 | 849.31 |
| | 1,205.08 | 2,966.95 | 1,739.01 |

| | Amount in ₹ Lakhs | | |
|---|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 9. Other bank balances | | | |
| Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date | 2,436.67 | 1,659.58 | 2,346.39 |
| Fixed deposits held as margin money | 0.27 | 0.27 | 0.27 |
| Earmarked balances with banks for unpaid dividend accounts | 29.12 | 33.22 | 47.35 |
| | 2,466.06 | 1,693.07 | 2,394.01 |
| Details of balance with banks on deposit accounts | | | |
| Deposits due to mature within 3 months of the reporting date included under 'Cash and cash equivalents' (refer note 8) | 106.82 | 902.82 | 849.31 |
| Deposits due to mature after 3 months of original maturities but within 12 months of the reporting date included under 'Other bank balances' (refer note 9) | 2,436.67 | 1,659.58 | 2,346.39 |
| Deposits due to mature after 12 months of the reporting date included under 'Other financial assets - non-current' (refer note 11) | 5.98 | 1.80 | 40.03 |
| | 2,549.47 | 2,564.20 | 3,235.73 |

Bank deposits ₹ **2,549.47 lakhs** (31 March 2016: ₹ 2,564.20 lakhs, 1 April 2015: ₹ 3,235.73 lakhs) have been pledged with the banks against various credit facilities availed by the Company.

| | Amount in ₹ Lakhs | | |
|------------------------------|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 10. Loans | | | |
| (Unsecured, considered good) | | | |
| Non-current | | | |
| Security and other deposits | 1,874.11 | 1,800.50 | 1,906.77 |
| Current | | | |
| Security and other deposits | 308.05 | 100.14 | 61.47 |
| Loan to employees | 175.55 | 93.24 | 97.01 |
| | 483.60 | 193.38 | 158.48 |
| | 2,357.71 | 1,993.88 | 2,065.25 |

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financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|---------------|---------------|--------------|
| 11. Other financial assets | | | |
| Non-current | | | |
| Bank deposits due to mature after 12 months of the reporting date | 5.98 | 1.80 | 40.03 |
| Interest accrued on fixed deposits | 0.73 | 0.65 | 1.62 |
| | 6.71 | 2.45 | 41.65 |
| Current | | | |
| Interest accrued on fixed deposits | 90.03 | 69.72 | 102.75 |
| Insurance claim receivable | 173.94 | 162.66 | 99.82 |
| Receivable against redemption of mutual funds | - | 613.30 | - |
| Income tax refundable | 6.08 | 3.08 | 3.08 |
| Export incentive receivable | 36.48 | 50.56 | 28.70 |
| Government grants receivable | 557.73 | - | - |
| Other receivables | - | 4.01 | 38.89 |
| | 864.26 | 903.33 | 273.24 |
| | 870.97 | 905.78 | 314.89 |

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|---------------|---------------|--------------|
| 12. Non-current tax assets (net) | | | |
| Advance income tax | 409.72 | 409.72 | 362.22 |
| [net of provision for income tax ₹ 4,725.98 (31 March 2016: ₹ 4,725.98 lakhs, 1 April 2015: ₹ 4,731.29 lakhs)] | | | |
| | 409.72 | 409.72 | 362.22 |

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--------------------------------------|---------------|---------------|--------------|
| 13. Other non-current assets | | | |
| <i>(Unsecured, considered good)</i> | | | |
| Capital advances | 124.57 | 424.02 | 1,301.70 |
| Advances other than capital advances | | | |
| - Deposit against demands in dispute | 343.95 | 305.47 | 158.81 |
| - MAT credit entitlement | 7,853.02 | 5,208.57 | 5,208.57 |
| Other advances | | | |
| - Prepaid rent | 2,247.73 | 2,483.05 | 1,966.95 |
| | 10,569.27 | 8,421.11 | 8,636.03 |

The Holding Company has carried forward MAT credit entitlement, having regard to the trend of profitability and future projections. The management is of the opinion that the Holding Company will pay normal tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability.

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|---------------|---------------|--------------|
| 14. Inventories | | | |
| <i>(Valued at the lower of cost and net realisable value)</i> | | | |
| See accounting policy in note 3(e) | | | |
| Raw materials [including goods-in-transit ₹ 3,433.52 lakhs (31 March 2016: ₹ 79.80 lakhs, 1 April 2015: ₹ 2,096.41 lakhs)] | 15,454.06 | 7,172.13 | 6,464.91 |
| Work-in-progress | 8,213.90 | 8,726.72 | 8,980.44 |
| Finished goods | 13,757.94 | 13,958.42 | 19,248.10 |
| Packing materials | 223.47 | 142.36 | 155.43 |
| Stores and spares [including goods-in-transit: ₹ Nil (31 March 2016: ₹ 21.75 lakhs, 1 April 2015: ₹ Nil)] | 1,940.03 | 1,962.51 | 1,904.58 |
| | 39,589.40 | 31,962.14 | 36,753.46 |

Carrying amount of inventories pledged as securities for borrowings, refer note 18.



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financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 15. Other current assets | | | |
| <i>(Unsecured considered good unless otherwise stated)</i> | | | |
| Advances for supplies | | | |
| Unsecured, considered good | 8,062.92 | 8,030.98 | 8,384.28 |
| Unsecured, considered doubtful | 46.76 | 46.76 | 46.76 |
| | 8,109.68 | 8,077.74 | 8,431.04 |
| Less: Provision for doubtful advances | 46.76 | 46.76 | 46.76 |
| | 8,062.92 | 8,030.98 | 8,384.28 |
| Others | | | |
| Balance with excise authorities | 2,013.52 | 1,233.29 | 2,689.76 |
| Sales tax deposit and VAT receivable | 635.73 | 487.67 | 536.79 |
| Other receivables | 560.53 | 541.58 | 443.37 |
| | 11,272.70 | 10,293.52 | 12,054.20 |

Advances for supplies includes ₹ 833.93 lakhs (31 March 2016: ₹ 833.93 lakhs, 1 April 2015: ₹ 833.93 lakhs) as advance given in earlier years against supply of raw materials which is currently under arbitration. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Holding Company.

Other receivables includes prepaid expenses and advance for expenses.

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 16. Equity share capital | | | |
| See accounting policy in note 3(o) | | | |
| Authorised | | | |
| 700,000,000 (31 March 2016: 700,000,000, 1 April 2015: 700,000,000) equity shares of ₹ 1 each | 7,000.00 | 7,000.00 | 7,000.00 |
| Issued, subscribed and fully paid-up | | | |
| 418,407,867 (31 March 2016: 418,407,867, 1 April 2015: 385,732,570) equity shares of ₹ 1 each | 4,184.08 | 4,184.08 | 3,857.33 |
| | 4,184.08 | 4,184.08 | 3,857.33 |

A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

| | Amount in ₹ Lakhs | | | |
|---|--------------------|-----------------|---------------|----------|
| | 31 March 2017 | | 31 March 2016 | |
| | Number | Amount | Number | Amount |
| At the commencement of the year | 4,184,07,867 | 4,184.08 | 385,732,570 | 3,857.33 |
| Add: Issued during the year* | - | - | 32,675,297 | 326.75 |
| Number of shares outstanding at the end of the year | 418,407,867 | 4,184.08 | 418,407,867 | 4,184.08 |

* The Holding Company, on 24 September 2001, had issued 12,300 Deep Discount Debentures ("DDD") of face value of ₹ 100,000 each to Himadri Coke & Petro Limited, aggregating to ₹ 12,300 lakhs at a discount of 90% on face value and which were redeemable at par at the end of 20 years from the date of allotment. The DDD carried an implicit rate of interest of 12.18% approximately compounded annually. During the year ended 31 March 2016, the terms of the existing DDD were amended to provide, inter alia, terms of conversion of the DDD into the equity shares of the Holding Company. Accordingly, by way of approval of the shareholders by a special resolution, passed at the Extra Ordinary General meeting held on 22 March 2016, the above DDD were converted into 32,675,297 equity shares of ₹ 1 each at a price of ₹ 19 per equity share (including a premium of ₹ 18/- per equity share) aggregating to ₹ 6,208.30 lakhs as per the valuation report of an independent qualified valuer. The above equity shares were allotted on 25 March 2016. On above conversion, ₹ 2,152.50 lakhs was transferred from Debenture redemption reserve to General reserve. The Holding Company has complied with requisite provisions of the Companies Act, 2013 and SEBI, as applicable.

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

B. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of ₹ 1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

C. Employee stock option

See accounting policy in note 3(g)(ii)

The terms attached to stock options granted to employees are described in note 37 regarding share based payment.

D. Shares held by associates having significant influence over the Holding Company

| | 31 March 2017 | | 31 March 2016 | |
|--------------------------------------|---------------|----------|---------------|----------|
| | Number | Amount | Number | Amount |
| BC India Investments | 103,178,860 | 1,031.79 | 103,178,860 | 1,031.79 |
| Himadri Dyes & Intermediates Limited | 98,284,310 | 982.84 | 98,284,310 | 982.84 |

E. Particulars of shareholders holding more than 5% shares of fully paid up equity shares

| | 31 March 2017 | | 31 March 2016 | |
|---|---------------|--------------------------------|---------------|--------------------------------|
| | Number | % of total shares in the class | Number | % of total shares in the class |
| Equity shares of ₹ 1 each fully paid up held by: | | | | |
| BC India Investments | 103,178,860 | 24.66% | 103,178,860 | 24.66% |
| Himadri Dyes & Intermediates Limited | 98,284,310 | 23.49% | 98,284,310 | 23.49% |
| Himadri Industries Limited | 46,140,000 | 11.03% | 46,140,000 | 11.03% |
| Himadri Coke & Petro Limited | 38,175,297 | 9.12% | 38,175,297 | 9.12% |

F. Shares reserved for issue under options

| | 31 March 2017 | | 31 March 2016 | |
|--|---------------|--------|---------------|--------|
| | Number | Amount | Number | Amount |
| Under Employee Stock Option Plan, 2016: 1,304,600 equity shares of ₹ 1 each, at an exercise price of ₹ 19 per share (see note 37) | 1,304,600 | 13.05 | - | - |

G. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the five year period ended 31 March 2017 (31 March 2016):

Nil (31 March 2016: 32,675,297) equity shares of ₹ 1 each have been allotted as fully paid up pursuant to conversion of Deep Discount Debentures (DDD) into 32,675,297 equity shares of ₹ 1 each at a price of ₹ 19 per equity share (including a premium of ₹ 18 per equity share) on 25 March 2016 to Himadri Coke & Petro Limited, a related party, on preferential basis for consideration other than cash.

17. Other equity

| Components | Note | Amount in ₹ Lakhs | | | | | |
|----------------------------------|------|-------------------|--------------------------|---------------|--------------|--------------------------|---------------|
| | | 1 April 2016 | Movement during the year | 31 March 2017 | 1 April 2015 | Movement during the year | 31 March 2016 |
| Capital reserve | a | 1,280.50 | - | 1,280.50 | 1,280.50 | - | 1,280.50 |
| Security premium reserve | b | 45,365.53 | - | 45,365.53 | 39,483.98 | 5,881.55 | 45,365.53 |
| Debenture redemption reserve | c | 3,535.71 | 678.56 | 4,214.27 | 5,009.64 | (1,473.93) | 3,535.71 |
| General reserve | d | 13,669.94 | - | 13,669.94 | 11,517.44 | 2,152.50 | 13,669.94 |
| Share option outstanding reserve | e | - | 25.40 | 25.40 | - | - | - |



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financial statements for the year ended 31 March 2017 (Continued)

17. Other equity (Continued)

| Components | Note | Amount in ₹ Lakhs | | | | | |
|--|------|-------------------|--------------------------|---------------|--------------|--------------------------|---------------|
| | | 1 April 2016 | Movement during the year | 31 March 2017 | 1 April 2015 | Movement during the year | 31 March 2016 |
| Retained earnings | f | 22,377.69 | 7,335.53 | 29,713.22 | 24,918.44 | (2,540.75) | 22,377.69 |
| Foreign currency monetary item translation difference account (FCMITDA) | g | - | - | - | (40.24) | 40.24 | - |
| Effective portion of cash flow hedge | h | (2,511.28) | 2,326.59 | (184.69) | (3,925.75) | 1,414.47 | (2,511.28) |
| Exchange differences in translating financial statements of foreign operations | i | (271.69) | (734.82) | (1,006.51) | (132.45) | (139.24) | (271.69) |
| Equity instruments through other comprehensive income | j | 239.00 | 5,509.67 | 5,748.67 | - | 239.00 | 239.00 |
| | | 83,685.40 | 15,140.93 | 98,826.33 | 78,111.56 | 5,573.84 | 83,685.40 |

A. The description, nature and purpose of each reserve within equity are as follows:

(a) Capital reserve: Capital reserves are mainly the reserves created by the Group on profit or loss on purchase, sale, issue or cancellation of the Group's own equity instruments.

(b) Security premium reserve: Security premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc. Refer to note 16 for movement in equity share capital during the year.

(c) Debenture redemption reserve (DRR): The Group has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (amended), requires the Group to create DRR out of profits of the Group available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued.

The movement is on account of following:

- (i) On conversion of Deep Discount Debentures into equity shares as mentioned above ₹ Nil (31 March 2016: 2,152.50 lakhs) lying in DRR was transferred to General reserve. The Group has complied with requisite provisions of the Act, as applicable.
- (ii) ₹ 678.56 lakhs (31 March 2016: ₹ 678.57 lakhs) was transferred from Retained earnings to DRR for the purpose of redemption of debentures.

(d) General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. On the conversion of DDD into equity shares as mentioned above, ₹ Nil (31 March 2016: ₹ 2,152.50 lakhs) lying in Debenture redemption reserve was transferred to General reserve.

(e) Share option outstanding reserve: The Group has a stock option scheme under which options to subscribe for the Group's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. Refer note 37 for further details of these plans.

(f) Retained earnings

It comprise of accumulated profit/ (loss) of the Group. The movement is on account of following:

- (i) ₹ 8,277.57 lakhs {31 March 2016: ₹ (1,858.45 lakhs)} was on account of profit/ (loss) incurred by the Group.
- (ii) ₹ 678.56 lakhs (31 March 2016: ₹ 678.57 lakhs) was transferred to debenture redemption reserve for the purpose of redemption of debentures.
- (iii) ₹ 11.69 lakhs (31 March 2016: ₹ 3.74 lakhs) was on account of remeasurement of defined benefit liability/asset.
- (iv) ₹ 251.79 lakhs (31 March 2016: ₹ Nil) was on account of dividend distribution (inclusive of dividend distribution tax).

(g) Foreign currency monetary item translation difference account (FCMITDA): The movement is on account of following:

- (i) ₹ Nil (31 March 2016: ₹ 72.52 lakhs) was recognised on account of exchange loss on foreign currency convertible bonds/ foreign currency term loans.
- (ii) ₹ Nil (31 March 2016: ₹ 112.76 lakhs) was recognised on account of amortisation of exchange fluctuation.

(h) Effective portion of cash flow hedge: This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not yet occurred.

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financial statements for the year ended 31 March 2017 (Continued)

(i) Exchange differences in translating financial statements of foreign operations: This reserve has been created for exchange variation in opening equity share capital and reserve and surplus of AAT Global Limited and Shandong Dawn Himadri Chemical Industry Limited.

(j) Equity instruments through OCI: The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity instruments through OCI shown under the head other equity. The Group transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

B. Disaggregation of changes in items of OCI

| Year ended 31 March 2016 | Attributable to the owners of the Company | | | | | Amount in ₹ Lakhs | |
|--|---|---------------------------------------|--------------------------------|-------------------|---|---|------------|
| | Exchange differences on translation of foreign operations | Effective portion of cash flow hedges | Equity instruments through OCI | Retained earnings | Total attributable to the owners of the Company | Attributable to non-controlling interests | Total |
| Exchange differences on translating financial statement of foreign operations | (139.24) | - | - | - | (139.24) | - | (139.24) |
| Effective portion of gains/ (losses) on hedging instruments in cash flow hedges. | - | 3,045.48 | - | - | 3,045.48 | - | 3,045.48 |
| Effective portion of gains/ (losses) on hedging instruments in cash flow hedges reclassified to profit or loss | - | (4,656.41) | - | - | (4,656.41) | - | (4,656.41) |
| Equity instruments through OCI- net change in fair value | - | - | 239.00 | - | 239.00 | - | 239.00 |
| Remeasurement of defined benefit liability/ (asset) | - | - | - | (3.74) | (3.74) | - | (3.74) |
| | (139.24) | (1,610.93) | 239.00 | (3.74) | (1,514.91) | - | (1,514.91) |

| Year ended 31 March 2017 | Amount in ₹ Lakhs | | | | | | |
|--|---|---------------------------------------|--------------------------------|-------------------|---|---|----------|
| | Exchange differences on translation of foreign operations | Effective portion of cash flow hedges | Equity instruments through OCI | Retained earnings | Total attributable to the owners of the Company | Attributable to non-controlling interests | Total |
| Exchange differences on translating financial statement of foreign operations | (734.82) | - | - | - | (734.82) | - | (734.82) |
| Effective portion of gains/ (losses) on hedging instruments in cash flow hedges | - | 168.36 | - | - | 168.36 | - | 168.36 |
| Effective portion of gains/ (losses) on hedging instruments in cash flow hedges reclassified to profit or loss | - | - | - | - | - | - | - |
| Equity instruments through OCI- net change in fair value | - | - | 5,509.67 | - | 5,509.67 | - | 5,509.67 |
| Remeasurement of defined benefit liability/ (asset) | - | - | - | (11.69) | (11.69) | - | (11.69) |
| | (734.82) | 168.36 | 5,509.67 | (11.69) | 4,931.52 | - | 4,931.52 |



Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | Interest | Maturity | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|------------|-----------|------------------|---------------|--------------|
| 18. Borrowings | | | | | |
| See accounting policy in note 3(b) and (c)(i) - (ii) | | | | | |
| Non-current borrowings | | | | | |
| Bonds and debentures | | | | | |
| Nil (31 March 2016: Nil, 1 April 2015: 12,300) | | | - | - | 12,300.00 |
| Deep discount debentures of ₹ 100,000 each (unsecured) | | | | | |
| Less: Discount on issue of Deep discount debentures to the extent not written off or adjusted | | | - | - | 6,471.69 |
| | | | - | - | 5,828.31 |
| 500 (31 March 2016: 500, 1 April 2015: 500) 12.50% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured) | 12.50% | 2020-2021 | 5,000.00 | 5,000.00 | 5,000.00 |
| 2,500,000 (31 March 2016: 2,500,000, 1 April 2015: 2,500,000) 10% Redeemable non-convertible debentures of ₹ 400 each (secured) | 10.00% | 2020-2021 | 10,000.00 | 10,000.00 | 10,000.00 |
| 1,000 (31 March 2016: 1,000, 1 April 2015: 1,000) 9.60% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured) | 9.60% | 2020-2021 | 9,990.43 | 9,988.04 | 9,985.86 |
| Nil (31 March 2016: 70, 1 April 2015: 70) Foreign Currency Convertible Bonds of USD 100,000 each (unsecured) - refer note 18A(v) | | | - | 3,823.07 | 3,607.40 |
| | | | 24,990.43 | 28,811.11 | 34,421.57 |
| Term loans | | | | | |
| Rupee term loan (secured) | | | | | |
| From banks | | | 12,017.61 | 7,625.00 | 8,125.00 |
| Foreign currency loans (secured) | | | | | |
| From banks | | | 1,733.04 | 6,970.66 | 11,296.54 |
| From others | | | 2,640.66 | 3,867.03 | 4,686.95 |
| | | | 16,391.31 | 18,462.69 | 24,108.49 |
| Loan against vehicles and equipment (secured) | 9.3%-11.3% | 2017-2020 | 100.16 | 107.27 | 122.14 |
| Deferred payment liabilities | | | | | |
| Sales tax deferment (unsecured) | - | 2017-2018 | 61.42 | 163.88 | 204.97 |
| | | | 41,543.32 | 47,544.95 | 58,857.17 |
| Less: Current maturities of long-term debt (refer note 21) | | | 2,840.20 | 10,944.75 | 6,592.72 |
| | | | 38,703.12 | 36,600.20 | 52,264.45 |
| Current borrowings | | | | | |
| Secured | | | | | |
| From banks (Repayable on demand) | | | | | |
| Rupee loans | | | 10,389.48 | 21,398.35 | 23,357.81 |
| Foreign currency loans | | | 19,485.92 | 17,539.51 | 26,275.41 |
| | | | 29,875.40 | 38,937.86 | 49,633.22 |
| From others | | | | | |
| Rupee loan | | | 1,666.88 | - | - |
| Unsecured (rupee loan) | | | | | |
| From banks | | | 2,626.95 | 1,302.05 | 2,999.89 |
| From others (Repayable on demand) | | | 1,646.35 | 951.08 | - |
| | | | 35,815.58 | 41,190.99 | 52,633.11 |

Information about the Group's exposure to interest rate, currency and liquidity risks related to borrowings is disclosed in note 41.

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

A. Terms of repayment/ conversion/ redemption

(a) Bonds and debentures

- (i) The Holding Company, on 24 September 2001, had issued 12,300 Deep Discount Debentures ("DDD") of face value of ₹ 100,000 each to Himadri Coke & Petro Limited, aggregating to ₹ 12,300 lakhs at a discount of 90% on face value and were redeemable at par at the end of 20 years from the date of allotment. The DDD carried an implicit rate of interest of approximately 12.18% compounded annually. During the previous year, the terms of the existing DDD were amended to provide, inter alia, terms of conversion of the DDD into the equity shares of the Holding Company. Accordingly, by way of approval of the shareholders by a special resolution, passed at the Extra Ordinary General meeting held on 22 March 2016, the above DDD were converted into 32,675,297 equity shares of ₹ 1 each at a price of ₹ 19 per equity share (including a premium of ₹ 18 per equity share) aggregating to ₹ 6,208.30 lakhs as per the valuation report of an independent qualified valuer. The above equity shares were allotted on 25 March 2016. On above conversion, ₹ 2,152.50 lakhs was transferred from Debenture redemption reserve to General reserve. The Holding Company has complied with requisite provisions of the Companies Act, 2013 and SEBI, as applicable.
- (ii) The Holding Company, on 29 October 2013, had issued 500 12.50% Redeemable Non-convertible Debentures of face value of ₹ 1,000,000 each aggregating ₹ 5,000 lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India.
- (iii) The Holding Company, on 24 August 2010, had issued 2,500,000 10% Redeemable Non-convertible Debentures of face value of ₹ 400 each aggregating ₹ 10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India.
- (iv) The Holding Company, on 28 June 2010, had issued 1,000 9.60% Redeemable Non-convertible Debentures of face value of ₹ 1,000,000 each aggregating ₹ 10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to ICICI Bank Limited. These debentures can be redeemed at par on or after 7 years from the date of allotment, at the option of the either party.
- (v) The Holding Company, on 13 April 2009, had issued 70 Foreign Currency Convertible Bonds (FCCB) of face value of USD 100,000 each aggregating USD 70 lakhs to International Finance Corporation (IFC). As per the terms of the issue, the bond holder had an option of converting these bonds into equity shares within a period of 7 years from the date of issue at an initial conversion price of ₹ 13.50 per equity share of face value of ₹ 1 each at the foreign exchange rate prevailing on the date of conversion request. In case the conversion option is not exercised, the outstanding FCCB would be redeemed at par together with interest accrued at the rate of 6 months LIBOR + spread of 3.35% per annum accrued on a compounded 6 monthly basis. The FCCB Holder - IFC has intimated to the Holding Company before 31 March 2016, not to exercise its option of conversion but to redeem the said FCCB on the due date. These FCCB were redeemed on 4 April 2016.

The above compound financial instruments contain put option with the investors which are exercisable at any time within a period of 7 years from the date of issue.

The above put option with the investor results in compound financial instrument being classified as a financial liability and derivative liability (embedded derivative) in accordance with *Ind AS 109: Financial Instruments*.

The clause contained in compound financial instruments may result in the entity issuing variable number of shares on conversion hence, represents a liability. Therefore, the embedded derivative has been separated from the host contract and has been measured at fair value on initial recognition and subsequently as well. The liability is assigned the residual amount after deducting from the fair value of the instrument as a whole, the amount determined for the derivative component. The sum of the carrying amounts assigned to the liability and derivative contracts components on initial recognition is always equal to the fair value that would be ascribed to the instrument as a whole. No gain or loss arises from initially recognising the components of the instrument separately.

The liability component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the embedded derivative. Subsequent to initial recognition at fair value, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. Separable embedded derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Fair value of the derivatives has been determined on the inception using the Black-Scholes Merton model. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted through Consolidated Statement of Profit and Loss.

As on transition date i.e. 1 April 2015, the compound instrument has been separated as follows:

| Separation of embedded derivative | Amount in ₹ Lakhs |
|---|-------------------|
| Fair value of the contract as a whole | 4,216.06 |
| Less: Fair value of the embedded derivative liability | (608.66) |
| Liability component | 3,607.40 |



Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

Subsequently, the FCCB Holder - IFC has intimated to the Holding Company before 31 March 2016, not to exercise its option of conversion but to redeem the said FCCB on the due date.

Pursuant to such intimation, the Holding Company concluded that the financial instruments would no longer meet the criteria to be classified as a financial liability and embedded derivative since the bonds would be redeemed by the holders and will not be converted into equity shares of the Holding Company. Accordingly, the embedded derivatives feature got extinguished and entire instrument has been accounted as financial liability.

The Gain on extinguishment of embedded derivative amounting to ₹ 287.81 lakhs was recognised in the Consolidated Statement of Profit and Loss for the year ended 31 March 2017.

(b) Term loans

Amount in ₹ Lakhs

| Name of the lender | Interest | Repayment schedule | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|----------------------|---|---------------|---------------|--------------|
| (i) Rupee term loans | | | | | |
| Axis Bank Limited [₹ 7,050.00 lakhs (31 March 2016: ₹ 7,625.00 lakhs, 1 April 2015: ₹ 8,125.00 lakhs)] | Base rate +1.00% | Repayable at quarterly rest: 5 of ₹ 150.00 4 of ₹ 250.00 8 of ₹ 300.00 8 of ₹ 362.50 | 7,050.00 | 7,625.00 | 8,125.00 |
| State Bank of India [₹ 4,967.61 lakhs (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil)] | Base rate +2.70% | Repayable at quarterly rest: 12 of ₹ 125.00 4 of ₹ 150.00 4 of ₹ 200.00 8 of ₹ 212.50 1 of ₹ 400.00 | 4,967.61 | - | - |
| (ii) Foreign currency term loans | | | | | |
| ICICI Bank Limited [JPY 3,013.89 lakhs (31 March 2016: JPY 3,875.00 lakhs, 1 April 2015: JPY 4,736.11 lakhs)] | 6m JPY Libor + 2.00% | JPY 430.56 - repayable in 7 half yearly rest | 1,733.04 | 2,268.44 | 2,440.09 |
| The Hongkong and Shanghai Banking Corporation Limited [USD Nil (31 March 2016: USD 37.50 lakhs, 1 April 2015: USD 75.00 lakhs)] | 3m Libor + 2.40% | - | - | 2,487.62 | 4,679.78 |
| The Hongkong and Shanghai Banking Corporation Limited [USD Nil (31 March 2016: USD 13.69 lakhs, 1 April 2015: USD 27.38 lakhs)] | 3m Libor + 1.50% | - | - | 905.73 | 1,706.72 |
| DBS Bank Limited [USD Nil [(31 March 2016: USD 20.00 lakhs, 1 April 2015: USD 40.00 lakhs)] | 6m Libor + 2.95% | - | - | 1,308.87 | 2,469.95 |
| International Finance Corporation [USD 15.00 lakhs (31 March 2016: USD 25.00 lakhs, 1 April 2015: USD 35.00 lakhs)] | 6m Libor + 3.80% | USD 5.00 - repayable in 3 half yearly rest | 971.09 | 1,658.45 | 2,173.41 |
| DEG- Deutsche Investitionsund Entwicklungsgesellschaft MBH [USD 26.25 lakhs (31 March 2016: USD 33.75 lakhs, 1 April 2015: USD 41.25 lakhs)] | 3m Libor + 3.35% | USD 1.88 - repayable in 14 quarterly rest | 1,669.57 | 2,208.58 | 2,513.54 |

(iii) The Holding Company had been granted sales tax deferment by the Government of Andhra Pradesh under the "Target 2000- New Industrial Policy". The same is repayable from the end of the 14th year without payment of interest during the period from August 2014 to October 2017. During the current year, the Holding Company has made repayment of ₹ 102.46 lakhs (31 March 2016: ₹ 41.09 lakhs, 1 April 2015: ₹ 65.03 lakhs).

(iv) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

B. Details of security

- (i) 12.50% Redeemable Non-convertible Debentures and 10% Redeemable Non-convertible Debentures issued to Life Insurance Corporation of India and 9.60% Redeemable Non-convertible Debentures issued to ICICI Bank Limited, aggregating to ₹ 25,000 lakhs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist - Mahsana (Gujarat), First Pari Passu charge on immovable properties (Leasehold Land) situated at Mahistikry and hypothecation of all movable property, plant and equipment (including plant and equipment) of the Holding Company in favour of Axis Trustee Services Limited, being the trustee of the Debenture Holders.
- (ii) Rupee term loans from Axis Bank Limited, State Bank of India, Foreign currency borrowings from International Finance Corporation (IFC), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and DBS Bank Limited (DBS) are secured by way of mortgage of immovable properties situated at Mahistikry Unit (leasehold land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable property, plant and equipment (including plant and equipment) on pari passu basis with other lenders. Further rupee term loan from State Bank of India being personally guaranteed by the promoter directors of the Company.
- (iii) Foreign currency borrowings from DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH and ICICI Bank Limited are secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable property, plant and equipment (including plant and equipment) situated at Mahistikry on pari passu basis with other lenders.
- (iv) Loans against vehicles and equipment are secured by way of hypothecation of the underlying asset financed
- (v) Working capital loans from banks aggregating to ₹ 31,542.28 lakhs (31 March 2016: ₹ 38,937.86 lakhs, 1 April 2015: ₹ 49,633.22 lakhs) are secured by hypothecation of current assets of the Group both present and future on pari passu basis. Further, working capital loan from bank aggregating to ₹ 2,655.47 lakhs (31 March 2016: ₹ 1,651.64 lakhs, 1 April 2015: ₹ Nil) is also secured by subservient charge on plant and equipment of the Holding Company. These loans include ₹ 1,038.19 lakhs (31 March 2016: ₹ 2,072.44 lakhs, 1 April 2015 ₹ 4,431.12 lakhs), being personally guaranteed by the promoter directors of the Holding Company.

Further, working capital loans from banks aggregating to ₹ 16,866.33 lakhs (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil) are second hypothecation charge over entire movable property, plant and equipment of the Holding Company and second mortgage charge over the immovable properties at Liluah and Mahistikry in West Bengal and Vishakhapatnam, on a pari passu basis with other lender. The management is under process of creating a charge.

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|------------------|---------------|--------------|
| 19. Trade payables | | | |
| Dues to micro enterprises and small enterprises (to the extent identified with available information) | 187.69 | 313.07 | 99.02 |
| Trade payables (other than micro enterprises and small enterprises) | 17,641.74 | 11,214.32 | 10,768.96 |
| | 17,829.43 | 11,527.39 | 10,867.98 |
| Non-current | - | - | 20.56 |
| Current | 17,829.43 | 11,527.39 | 10,847.42 |
| | 17,829.43 | 11,527.39 | 10,867.98 |

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 41.

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|---|-----------------|---------------|--------------|
| 20. Derivatives | | | |
| See accounting policy in note 3(c)(v) | | | |
| Foreign exchange forward/ interest rate swap contracts used for hedging | 184.69 | 2,511.28 | 3,925.75 |
| Other foreign exchange forward/ interest rate swap/ option contracts | 5,292.03 | 3,677.12 | 6,935.09 |
| | 5,476.72 | 6,188.40 | 10,860.84 |
| Non-current | 882.32 | 5,943.01 | 5,764.15 |
| Current | 4,594.40 | 245.39 | 5,096.69 |
| | 5,476.72 | 6,188.40 | 10,860.84 |

Information about the Group's exposure to interest rate and currency risks related to derivatives is disclosed in note 41.



Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 21. Other financial liabilities | | | |
| Non-current | | | |
| Interest accrued but not due on borrowings | - | - | 1,169.27 |
| Other payables | 25.77 | 25.77 | 25.77 |
| | 25.77 | 25.77 | 1,195.04 |
| Current | | | |
| Current maturities of long-term debts (refer note 18) | 2,840.20 | 10,944.75 | 6,592.72 |
| Interest accrued but not due on borrowings | 615.34 | 2,881.64 | 713.64 |
| Investor Education and Protection fund, will be credited with the following amount (as and when due) | | | |
| - Unclaimed dividend | 29.12 | 33.22 | 47.35 |
| Liability for capital goods | 139.33 | 82.60 | 126.07 |
| Financial guarantee liability | - | - | - |
| Other payables | 358.67 | 60.70 | 238.00 |
| | 3,982.66 | 14,002.91 | 7,717.78 |

- (a) There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2017.
- (b) Other payables includes amount due towards Employee benefits expense and Security deposits.
- (c) Information about the Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 41.

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 22. Provisions | | | |
| See accounting policies in note 3(g) and (h) | | | |
| Provisions for employee benefits | | | |
| Net defined benefit liability - Gratuity (refer note 36) | 100.44 | 75.43 | 56.91 |
| Liability for compensated absences | 18.19 | 15.35 | 21.01 |
| Total provisions for employee benefits (A) | 118.63 | 90.78 | 77.92 |
| Other provisions | | | |
| Provision for litigation | | | |
| Balance at the beginning of the year | 78.42 | 78.42 | 78.42 |
| Provisions made during the year | - | - | - |
| Provision reversed/ utilised | - | - | - |
| Balance at the end of the year | 78.42 | 78.42 | 78.42 |
| Total other provisions (B) | 78.42 | 78.42 | 78.42 |
| Total provisions (A+B) | 197.05 | 169.20 | 156.34 |
| Non-current | 178.86 | 102.93 | 78.42 |
| Current | 18.19 | 66.27 | 77.92 |
| | 197.05 | 169.20 | 156.34 |

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent assets" specified under Section 133 of the Companies Act, 2013, the Group as a prudent measure had made provisions in the earlier year amounting to ₹ 78.42 lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities. The carrying amount at the beginning of the year was ₹ 78.42 lakhs, provision of ₹ Nil made during the year and the closing amount of ₹ 78.42 lakhs is carried forward at the end of the year and neither the amount has been used nor the used amount reversed during the year under audit.

| | Amount in ₹ Lakhs | | |
|---|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 23. Other current liabilities | | | |
| Statutory dues | 2,702.53 | 1,970.75 | 2,579.03 |
| Income tax liabilities | 309.01 | - | - |
| "[net of advance tax ₹ 2,335.44 (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil)]" | | | |
| Advance from customers | 2,045.58 | 1,920.73 | 1,426.48 |
| | 5,057.12 | 3,891.48 | 4,005.51 |

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| 24. Revenue from operations | | |
| See accounting policies in note 3(i) and (j) | | |
| Sale of products (including excise duty) (A) | 1,48,440.80 | 1,32,154.69 |
| Other operating revenue | | |
| - Job work charges | - | 22.59 |
| - Government grants (refer note 50) | 557.06 | - |
| - Export incentives | 10.96 | 60.33 |
| Total other operating revenue (B) | 568.02 | 82.92 |
| Total revenue from operations (A+B) | 149,008.82 | 132,237.61 |

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| 25. Other income | | |
| Interest Income under the effective interest method on: | | |
| - Interest on fixed deposits with banks | 190.99 | 256.15 |
| - Unwinding of discount on security deposits and others | 166.63 | 267.55 |
| Dividend income on equity securities at FVOCI | 0.22 | 0.38 |
| Gain on sale of current investments at FVTPL | 29.57 | 51.63 |
| Insurance claims | 27.94 | 71.42 |
| Net gain on sale of property, plant and equipment | 39.21 | 3.82 |
| Gain on fair valuation of investments at FVTPL | 65.56 | 148.96 |
| Miscellaneous income | 63.58 | 88.77 |
| | 583.70 | 888.68 |

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| 26. Cost of materials consumed | | |
| Inventory of raw materials at the beginning of the year | 7,172.13 | 6,464.91 |
| Add: Purchases | 95,752.25 | 79,651.37 |
| | 1,02,924.38 | 86,116.28 |
| Less: Inventory of raw materials at the end of the year | 15,454.06 | 7,172.13 |
| Foreign currency translation impact on movement in raw materials | (11.34) | 4.28 |
| Cost of materials consumed | 87,458.98 | 78,948.43 |

Amount in ₹ Lakhs

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| 27. Change in inventories of finished goods and work-in-progress | | |
| See accounting policy in note 3(e) | | |
| Opening inventories | | |
| Finished goods | 13,958.42 | 19,248.10 |
| Work-in-progress | 8,726.72 | 8,980.44 |
| | 22,685.14 | 28,228.54 |
| Closing inventories | | |
| Finished goods | 13,757.94 | 13,958.42 |
| Work-in-progress | 8,213.90 | 8,726.72 |
| | 21,971.84 | 22,685.14 |
| Foreign currency translation impact on movement in finished goods and work-in-progress | (10.21) | 9.48 |
| | 703.09 | 5,552.88 |



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financial statements for the year ended 31 March 2017 (Continued)

| | Amount in ₹ Lakhs | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| 28. Employee benefits expense | | |
| See accounting policy in note 3(g) | | |
| Salaries, wages and bonus | 3,185.80 | 2,729.63 |
| Contribution to provident and other funds | 166.32 | 157.05 |
| Gratuity (refer note 36) | 28.80 | 34.72 |
| Share based payments- Equity settled (refer note 37) | 25.40 | - |
| Staff welfare expenses | 324.22 | 275.05 |
| | 3,730.54 | 3,196.45 |

Salaries, wages and bonus includes ₹ 256.35 lakhs (31 March 2016: ₹ 239.74 lakhs) relating to outsource manpower cost.

| | Amount in ₹ Lakhs | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| 29. Finance costs | | |
| See accounting policy in note 3(n) | | |
| Interest expense on financial liabilities measured at amortised cost | 7,512.44 | 9,082.13 |
| Amortisation of discount on deep discount debentures | - | 379.99 |
| Exchange difference regarded as an adjustment to borrowing costs | 75.05 | 1,168.65 |
| Other borrowing costs | 570.25 | 480.21 |
| | 8,157.74 | 11,110.98 |

| | Amount in ₹ Lakhs | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| 30. Other expenses | | |
| Consumption of stores and spares | 358.23 | 418.79 |
| Power and fuel * | 1,134.96 | 782.36 |
| Excise duty related to increase/ (decrease) in inventory of finished goods | (166.99) | (761.66) |
| Rent | 496.55 | 511.46 |
| Rates and taxes | 562.72 | 393.63 |
| Repairs to*: | | |
| - Building | 63.23 | 62.40 |
| - Plant and equipment | 1,457.73 | 1,136.09 |
| - Others | 379.69 | 326.15 |
| Payment to auditors' | 54.54 | 58.45 |
| Rebates and discounts | 238.80 | 134.70 |
| Insurance | 178.32 | 228.34 |
| Packing expenses | 1,426.72 | 1,341.37 |
| Freight and forwarding expenses | 6,407.14 | 6,502.70 |
| Commission on sales | 934.55 | 953.59 |
| Expenditure on corporate social responsibility (refer note 45) | 14.70 | 24.16 |
| Miscellaneous expenses | 2,736.02 | 2,709.28 |
| | 16,276.91 | 14,821.81 |
| | 1,275.79 | 1,042.90 |

* includes stores and spares consumed.

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| | 31 March 2017 | 31 March 2016 |
|--|-------------------|-----------------|
| 31. Income taxes | | |
| See accounting policy in note 3(m) | | |
| A. Amount recognised in profit or loss | | |
| Current tax | | |
| Current period | 2,644.45 | - |
| Changes in respect of current income tax of previous year | - | (5.31) |
| MAT credit (entitlement)/ reversal | (2,644.45) | - |
| | (a) | (5.31) |
| Deferred tax charge/ (credit) | | |
| Attributable to- | | |
| Origination and reversal of temporary differences | 4,222.76 | (446.51) |
| | (b) | (446.51) |
| Tax expense reported in the Consolidated Statement of Profit and Loss [(a)+(b)] | 4,222.76 | (451.82) |
| B. Income tax recognised in other comprehensive income | | |
| Deferred tax related to items recognised in other comprehensive income during the year | | |
| Tax income on net loss on remeasurements of defined benefit plans | 6.19 | 1.98 |
| Income tax expense reported in the Consolidated Statement of Profit and Loss | 6.19 | 1.98 |
| C. Reconciliation of effective tax rate for the year ended 31 March 2017 | | |
| | Percentage | Amount |
| Profit before tax | | 12,466.58 |
| Tax using the Indian tax rate | 34.61% | 4,314.43 |
| Effects of the amount which are not deductible in calculating taxable income | | |
| Non - deductible expenses for tax purposes | 0.63% | 79.06 |
| Tax exempt income/ Additional deduction as per income tax and others | (1.37%) | (170.73) |
| Changes in estimates related to prior years | - | - |
| Effective tax rate | 33.87% | 4,222.76 |
| Reconciliation of effective tax rate for the year ended 31 March 2016 | | |
| | Percentage | Amount |
| Loss before tax | | (2,347.49) |
| Tax using the Indian tax rate | 34.61% | (812.42) |
| Effects of the amount which are not deductible in calculating taxable income | | |
| Non - deductible expenses for tax purposes | (11.46%) | 268.95 |
| Tax exempt income/ Additional deduction as per income tax and others | (4.13%) | 96.96 |
| Changes in estimates related to prior years | 0.23% | (5.31) |
| Effective tax rate | 19.25% | (451.82) |

D. Recognised deferred tax assets and liabilities

Amount in ₹ Lakhs

| | Balance as on 1 April 2016 | (Charged) / credited to profit or loss | Charged / (credited) to OCI | Balance as on 31 March 2017 |
|-------------------------------|----------------------------|--|-----------------------------|-----------------------------|
| Property, plant and equipment | 18,736.42 | 1,778.01 | - | 20,514.43 |
| Trade receivables | (147.81) | 3.73 | - | (144.08) |
| Loans | (49.51) | (29.29) | - | (78.80) |
| Other assets | (16.18) | - | - | (16.18) |
| Borrowings | (215.56) | 11.80 | - | (203.76) |
| Other financial liabilities | (2,032.22) | 73.23 | - | (1,958.99) |
| Provisions | (29.12) | - | (6.19) | (35.31) |
| Tax losses carried forward | (11,488.32) | 2,385.28 | - | (9,103.04) |
| | 4,757.70 | 4,222.76 | (6.19) | 8,974.27 |

| | Balance as on 1 April 2015 | (Charged) / credited to profit or loss | Charged / (credited) to OCI | Balance as on 31 March 2016 |
|-------------------------------|----------------------------|--|-----------------------------|-----------------------------|
| Property, plant and equipment | 17,727.14 | 1,009.28 | - | 18,736.42 |
| Trade receivables | (193.76) | 45.95 | - | (147.81) |
| Loans | (63.40) | 13.89 | - | (49.51) |
| Other assets | (16.18) | - | - | (16.18) |
| Borrowings | 27.99 | (243.55) | - | (215.56) |
| Other financial liabilities | (3,023.80) | 991.58 | - | (2,032.22) |
| Provisions | (27.14) | - | (1.98) | (29.12) |
| Tax losses carried forward | (9,224.66) | (2,263.66) | - | (11,488.32) |
| | 5,206.19 | (446.51) | (1.98) | 4,757.70 |



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32. Earnings/ (loss) per share (EPS) (Ind AS 33)

See accounting policy in note 3(t)

A. Basic earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| i. Profit/ (loss) attributable to equity shareholders (basic) | | |
| Profit/ (loss) for the year, attributable to the equity holders | 8,277.57 | (1,858.44) |
| ii. Weighted average number of equity shares (basic) | | |
| At the beginning of the year | 418,407,867 | 38,57,32,570 |
| Impact of new issue of equity shares | - | 6,26,650 |
| Weighted average number of equity shares (basic) for the year | 418,407,867 | 38,63,59,220 |
| Basic earnings/ (loss) per share [(i)/ (ii)] | 1.98 | (0.48) |

B. Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| i. Profit/ (loss) attributable to equity shareholders (diluted) | | |
| Profit/ (loss) for the year, attributable to the equity shareholders (diluted) | 8,277.57 | (1,858.44) |
| ii. Weighted average number of equity shares (diluted) | | |
| Weighted average number of equity shares (basic) | 418,407,867 | 386,359,220 |
| Effect of Potential equity shares to be issued | - | - |
| Weighted average number of equity shares (diluted) for the year | 418,407,867 | 386,359,220 |
| Diluted earnings/ (loss) per share [(i)/ (ii)] | 1.98 | (0.48) |

The Foreign Currency Convertible Bonds (FCCB) had not been considered in the previous year, for the purpose of calculation of diluted EPS, since the FCCB holder had intimated the Holding Company not to exercise its option to convert but to redeem the same on the due date prior to 31 March 2016.

For the current year ended 31 March 2017, 1,304,600 number of employee stock options has an anti dilutive effect.

| | Amount in ₹ Lakhs | | |
|--|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 33. Contingent liability and commitments (Ind AS 37) | | | |
| <i>(to the extent not provided for)</i> | | | |
| a) Claim against the Company not acknowledged as debt | | | |
| (i) Sales tax/VAT matters in dispute/ under appeal | 3,100.36 | 3,480.60 | 3,319.73 |
| (ii) Excise/ Service Tax matters in dispute/under appeal | 1,228.00 | 1,409.53 | 535.29 |
| (iii) Custom matter in dispute/ under appeal | 28.83 | 28.83 | 28.83 |
| (iv) Entry tax in dispute/ under appeal - West Bengal | 3,427.55 | 2,814.09 | 2,244.53 |
| (v) Entry tax in dispute/ under appeal - Chhattisgarh | 426.65 | 353.25 | 343.05 |
| (vi) Income tax in dispute/ under appeal | 633.81 | 633.81 | 59.54 |
| b) Capital and other commitments | | | |
| (i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) | 1,092.40 | 291.19 | 1,332.82 |
| (ii) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG) | 4,371.37 | 0.47 | 1,333.65 |
| c) Guarantee outstanding | | | |
| Standby letter of credit issued on behalf of the Company to secure the financial assistance to its subsidiary | 1,945.16 | 3,352.02 | 3,805.52 |

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Claim against the group not acknowledged as debt:

Cash outflows for the above are determinable only on receipt of judgments pending at various forums/ authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

Entry tax in dispute/ under appeal - West Bengal:

The Holding Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the management, there is a strong merit of the case; hence the Holding Company has not made provision for entry tax liability in the books for the current year and during the earlier years.

Guarantee outstanding:

The Holding Company had issued corporate guarantee in favour of Banker on behalf of its one step down subsidiary - AAT Global Limited for the purpose of availing working capital loan. This corporate guarantee was issued in USD.

34. Operating leases (Ind AS 17)

See accounting policy in note 3(k)

(a) Future minimum lease rentals payable under non cancellable operating lease

The Group has taken certain commercial premises under non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

| | Amount in ₹ Lakhs | |
|---|-------------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| Not later than one year | 1.92 | 1.92 |
| Later than one year and not later than five years | 7.68 | 7.68 |
| More than five years | 16.96 | 18.88 |

(b) The Group has taken various commercial premises and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry. Lease payments recognised in Consolidated Statement of Profit and Loss with respect to operating leases ₹ 187.34 lakhs (previous year ₹ 218.31 lakhs) has been included as rent in note 30, 'Other expenses'.

35. Research and development expenses

See accounting policy in note 3(p)

Research and development expenses aggregating to ₹ 257.44 lakhs (31 March 2016: ₹ 238.20 lakhs) in the nature of revenue expenditure and ₹ 94.56 lakhs (31 March 2016: ₹ Nil) in the nature of capital expenditure have been included under the relevant account heads.

| | Amount in ₹ Lakhs | | |
|---|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| 36. Assets and Liabilities relating to employee benefits (Ind AS 19) | | | |
| See accounting policy in note 3(g) | | | |
| Statement of Assets and Liabilities for defined benefit obligation | | | |
| Net defined benefit asset - Gratuity Plan | 127.02 | 102.92 | 87.02 |
| Net defined benefit obligation - Gratuity Plan | (227.46) | (178.35) | (143.93) |
| Total employee benefit liabilities | (100.44) | (75.43) | (56.91) |
| Non-current | (100.44) | (24.51) | - |
| Current | - | (50.92) | (56.91) |

For details about the related employee benefit expenses, refer note 28.

Defined contribution

The expense for defined contribution plans amounted to ₹ 133.39 lakhs and ₹ 116.20 lakhs for the year ended 31 March 2017 and 31 March 2016 respectively. Out of these, ₹ 103.30 lakhs (31 March 2016: ₹ 88 lakhs) pertains to provident fund plan and ₹ 30.09 lakhs (31 March 2016: ₹ 28.20 lakhs) pertains to superannuation fund plan.

Defined benefits - Gratuity

The Group's gratuity benefit scheme for its employees in India is a defined benefit plan (funded).

The Group provides for gratuity from employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimation of expected gratuity payments.



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These defined benefit plans expose the Group to actuarial risks, such as currency risk, interest risk and market (investment) risk. The Group expects to pay ₹ 100.44 lakhs in contribution to its defined benefit plans during the year 2017-18.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Group and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Group, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Consolidated Statement of Profit and Loss, actuarial assumptions and other information.

Reconciliation of the net defined benefit/ (asset) liability:

| | Amount in ₹ Lakhs | |
|--|-------------------|-----------------|
| | 31 March 2017 | 31 March 2016 |
| (i) Reconciliation of present value of defined benefit obligation | | |
| (a) Balance at the beginning of the year | 178.35 | 143.93 |
| (b) Current service cost | 23.63 | 31.18 |
| (c) Interest cost | 13.99 | 10.94 |
| (d) Actuarial (gains)/ losses recognised in other comprehensive income | 18.46 | 6.58 |
| (e) Benefits paid | (6.97) | (14.28) |
| Balance at the end of the year | 227.46 | 178.35 |
| (ii) Reconciliation of present value of plan assets | | |
| (a) Balance at the beginning of the year | 102.92 | 87.02 |
| (b) Interest income | 8.82 | 7.40 |
| (c) Actual return on plan asset less interest on plan asset | 0.58 | 0.87 |
| (d) Contributions by the employer | 21.67 | 21.91 |
| (e) Benefits paid | (6.97) | (14.28) |
| Balance at the end of the year | 127.02 | 102.92 |
| (iii) Net asset/ (liability) recognised in the Consolidated Balance Sheet | | |
| (a) Present value of defined benefit obligation | (227.46) | (178.35) |
| (b) Fair value of plan assets | 127.02 | 102.92 |
| Net defined benefit obligations in the Consolidated Balance Sheet | (100.44) | (75.43) |
| (iv) Expense recognised in Consolidated Profit or Loss | | |
| (a) Current service cost | 23.63 | 31.18 |
| (b) Interest cost | 13.99 | 10.94 |
| (c) Expected return on plan assets | (8.82) | (7.40) |
| Amount charged to Consolidated Profit or Loss | 28.80 | 34.72 |
| (v) Remeasurements recognised in Consolidated Other Comprehensive Income | | |
| (a) Actuarial loss/ (gain) arising on defined benefit obligation from | | |
| - financial assumptions | 16.43 | - |
| - experience adjustment | 2.03 | 6.58 |
| (b) Actual return on plan asset less interest on plan asset | (0.58) | (0.87) |
| Amount recognised in Other Comprehensive Income | 17.88 | 5.71 |
| (vi) Sensitivity analysis | | |
| Defined benefit obligation on discount rate plus 50 basis points | (11.94) | 169.02 |
| Defined benefit obligation on salary growth rate plus 50 basis points | 11.92 | 187.82 |
| Defined benefit obligation on discount rate minus 50 basis points | 13.10 | 188.62 |
| Defined benefit obligation on salary growth rate minus 50 basis points | (11.10) | 169.70 |
| (vii) Actuarial assumptions | | |
| Principal actuarial assumptions at the reporting date (expressed as weighted averages) | | |
| Discount rate | 7.30% | 8.00% |
| Expected rate of salary increase | 6.00% | 6.00% |
| Retirement age (years) | 60 | 60 |
| Attrition rate based on different age group of employees | 1% | 1% |
| Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08). | | |
| (viii) Weighted average duration of defined benefit obligation | 13 years | 14 years |

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37. Share based payments (Ind AS 102)

See accounting policy in note 3(g)(ii)

A. Description of share-based payment arrangement

At 31 March 2017, the Company has the following share based payment arrangement:

Himadri Employees Stock Option Plan 2016 (equity settled)

The Holding Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act, 2013 for the time being in force. The Committee has granted 1,304,600 options to its employees on 5 January 2017 under the approved ESOP 2016 Plan to be exercised at a price of ₹ 19 per share. The options are vested after 1 year but not later than 5 years from the date of grant of options, and the said options can be exercised any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan. The quantum of options to be vested periodically are specified in grant letters issued to each employee. The key terms and conditions related to the grants under this plan are as follows; all options are to be settled by the delivery of shares.

| Grant date/ employees entitled | Number of instruments | Vesting conditions | Contractual life of options |
|---|-----------------------|---|-----------------------------|
| Option granted to certain eligible employees including certain key management personnel on 5 January 2017 | 1,304,600 | Time basis, Holding Company performance and individual performance as specified in the grant letter | 5 years |
| Total number of share options granted | 1,304,600 | | |

B. Measurement of fair values

Equity settled share based payment arrangements

The fair value of employee share options, see (A) above, has been measured using Black Scholes Merton Model.

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity settled share based payment plans are as follows:

| Particulars | ESOP 2016 (see A above) | |
|---|-------------------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| Fair value at grant date | ₹ 24.71 | ₹ Nil |
| Share price at grant date | ₹ 36.70 | ₹ Nil |
| Exercise price | ₹ 19.00 | ₹ Nil |
| Expected volatility* (weighted average volatility) | 58% | Nil |
| Expected life (expected weighted average life) | 4.15 years | Nil |
| Expected dividends** | 0.27% | Nil |
| Risk-free interest rate (based on government bonds) | 6.5% | Nil |

Expected volatility has been based on an evaluation of the historical volatility of the Holding Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour.

Expected life of the Options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

Weighted Average Fair value of the options granted during the year is ₹ 325.40 lakhs (31 March 2016: ₹ Nil).

* Expected volatility on the Holding Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

** Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.



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C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

| Particulars | Amount in ₹ Lakhs | | | |
|-----------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Weighted average exercise price | Number of options in lakhs | Weighted average exercise price | Number of options in lakhs |
| | 31 March 2017 | 31 March 2017 | 31 March 2016 | 31 March 2016 |
| Outstanding at 1 April | ₹ Nil | ₹ Nil | - | - |
| Share price at grant date | ₹ 36.70 | ₹ Nil | - | - |
| Exercised during the period | ₹ Nil | ₹ Nil | - | - |
| Granted during the period | ₹ 19.00 | ₹ 13.05 | - | - |
| Outstanding at 31 March | ₹ 19.00 | ₹ 13.05 | - | - |
| Exercisable at 31 March | ₹ Nil | ₹ Nil | - | - |

The options outstanding at 31 March 2017 have an exercise price of ₹ 19 (31 March 2016: ₹ Nil) per share and a weighted average remaining contractual life of 4.15 years (31 March 2016: Nil).

D. Expense recognised in Consolidated Statement of Profit and Loss

During the year ended 31 March 2017, the Holding Company has charged ₹ 25.40 lakhs as share based payment equity settled expenses and the first vesting date will be 31 August 2018, refer note 28.

38. Related party disclosure (Ind AS 24)

A. Related parties with whom transactions have taken place during the year

| Name of the related parties | Relationship |
|--|---|
| Mr. Bankey Lal Choudhary, Managing Director | Key Management Personnel (KMP) |
| Mr. Shyam Sundar Choudhary, Executive Director | Key Management Personnel (KMP) |
| Mr. Vijay Kumar Choudhary, Executive Director | Key Management Personnel (KMP) |
| Mr. Pavninder Singh, Nominee Director (Non-Executive) of BC India Investments (resigned effective 11 January 2017) | Key Management Personnel (KMP) |
| Ms Rita Bhattacharya, Nominee Director (Non-Executive) of LICICI | Key Management Personnel (KMP) |
| Mr. Anurag Choudhary, Chief Executive Officer | Key Management Personnel (KMP) |
| Mr. Amit Choudhary, President - Projects | Key Management Personnel (KMP) |
| Mr. Tushar Choudhary, President - Operations | Key Management Personnel (KMP) |
| Mr. Kamlesh Kumar Agarwal - Chief Financial Officer | Key Management Personnel (KMP) |
| Mr. Bajrang Lal Sharma - Company Secretary | Key Management Personnel (KMP) |
| Mr. Damodar Prasad Choudhary, Chairman Emeritus | Relative of KMPs |
| Mrs. Sushila Devi Choudhary | Relative of KMPs (wife of Mr. Damodar Prasad Choudhary) |
| Mrs. Sheela Devi Choudhary | Relative of KMPs (wife of Mr. Shyam Sundar Choudhary) |
| Mrs. Saroj Devi Choudhary | Relative of KMPs (wife of Mr. Bankey Lal Choudhary) |
| Mrs. Kanta Devi Choudhary | Relative of KMPs (wife of Mr. Vijay Kumar Choudhary) |

B. Enterprises controlled by the Key Managerial Personnel or their relatives

Himadri Credit & Finance Limited
Himadri Coke & Petro Limited
Himadri Industries Limited
Sri Agro Himghar Limited
Himadri e-Carbon Limited

C. Entities with significant influence over the Holding Company

BC India Investments
Himadri Dyes & Intermediates Limited

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D. The following transactions were carried out with related parties in the ordinary course of business

| Name of the related party | Nature of transaction | Amount in ₹ Lakhs | |
|--------------------------------------|--|-----------------------------|-----------------------------|
| | | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Himadri Coke & Petro Limited | Conversion of deep discount debentures of Himadri Coke & Petro Limited | | |
| | (a) into equity shares | - | 326.75 |
| | (b) Securities premium on above equity shares | - | 5,881.55 |
| | Discount written off on deep discount debentures | - | 379.99 |
| Himadri Dyes & Intermediates Limited | Rent paid | 0.07 | 0.07 |
| Himadri Industries Limited | Rent paid | 0.07 | 0.07 |
| Sri Agro Himghar Limited | Rent paid | 0.04 | 0.04 |
| Mr. Bankey Lal Choudhary | Remuneration | 60.68 | 60.68 |
| Mr. Shyam Sundar Choudhary | Remuneration | 60.68 | 60.68 |
| Mr. Vijay Kumar Choudhary | Remuneration | 60.00 | 60.00 |
| Mr. Anurag Choudhary | Remuneration | 73.80 | 73.80 |
| Mr. Amit Choudhary | Remuneration | 73.80 | 73.80 |
| Mr. Tushar Choudhary | Remuneration | 73.80 | 73.80 |
| Mr. Kamlesh Kumar Agarwal | Remuneration | 35.16 | 26.71 |
| Mr. Bajrang Lal Sharma | Remuneration | 14.94 | 13.04 |
| BC India Investments | Dividend paid | 51.59 | - |
| Himadri Dyes & Intermediates Limited | Dividend paid | 49.14 | - |
| Himadri Industries Limited | Dividend paid | 23.07 | - |
| Himadri Credit & Finance Limited | Dividend paid | 4.74 | - |
| Himadri Coke & Petro Limited | Dividend paid | 19.09 | - |
| Mr. Vijay Kumar Choudhary | Dividend paid | 1.63 | - |
| Mr. Shyam Sundar Choudhary | Dividend paid | 1.62 | - |
| Mr. Bankey Lal Choudhary | Dividend paid | 0.74 | - |
| Mr. Damodar Prasad Choudhary | Dividend paid | 0.74 | - |
| Mrs. Sushila Devi Choudhary | Dividend paid | 0.43 | - |
| Mrs. Sheela Devi Choudhary | Dividend paid | 0.38 | - |
| Mrs. Saroj Devi Choudhary | Dividend paid | 0.41 | - |
| Mrs. Kanta Devi Choudhary | Dividend paid | 0.41 | - |

E. Outstanding balances

| Name of the related party | Nature of transaction | Amount in ₹ Lakhs | | |
|------------------------------|--------------------------|-------------------|---------------|--------------|
| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Himadri Coke & Petro Limited | Deep discount debentures | - | - | 5,828.31 |

F. Key Management Personnel Remuneration

Key management personnels compensation comprised of the following:

| Nature of transaction | Amount in ₹ Lakhs | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Short-term employee benefits | 449.04 | 440.63 |
| Other long-term benefits | 3.82 | 1.88 |
| Total compensation paid to key management personnel | 452.86 | 442.51 |

As the future liability for gratuity and compensated encashment is provided on an actuarial basis for the Holding Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee of the Holding Company, all decisions relating to the remuneration of the KMPs are taken by the Board of Directors of the Holding Company, in accordance with shareholders approval, wherever necessary.



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39. Accounting classifications and fair values (Ind AS 107)

See accounting policy in note 3(c)

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Balance Sheet as at 31 March 2017 are as follows:

| Particulars | Amortised cost | Financial assets/liabilities at fair value through profit or loss | | | | Financial assets/liabilities at fair value through OCI | | Total carrying amount | Fair value |
|---|----------------|---|----------|-----------|----------|--|-----------|-----------------------|------------|
| | | Designated upon initial recognition | | Mandatory | | Equity instruments designated upon initial recognition | Mandatory | | |
| | | | | | | | | | |
| Financial assets: | | | | | | | | | |
| Investment in equity instruments (Unquoted) | - | - | - | - | 6,859.44 | - | 6,859.44 | 6,859.44 | |
| Investment in equity instruments (Quoted) | - | - | - | - | 1,797.87 | - | 1,797.87 | 1,797.87 | |
| Investment in mutual funds | - | - | 37.67 | - | - | - | 37.67 | 37.67 | |
| Investment in government securities | 0.07 | - | - | - | - | - | 0.07 | 0.07 | |
| Trade receivables | 22,918.32 | - | - | - | - | - | 22,918.32 | 22,918.32 | |
| Cash and cash equivalents | 1,205.08 | - | - | - | - | - | 1,205.08 | 1,205.08 | |
| Other bank balance | 2,466.06 | - | - | - | - | - | 2,466.06 | 2,466.06 | |
| Loans | 2,357.71 | - | - | - | - | - | 2,357.71 | 2,357.71 | |
| Other financial assets | 870.97 | - | - | - | - | - | 870.97 | 870.97 | |
| Financial liabilities: | | | | | | | | | |
| Non convertible debentures | 24,990.43 | - | - | - | - | - | 24,990.43 | 24,990.43 | |
| Term loans | 16,491.47 | - | - | - | - | - | 16,491.47 | 16,491.47 | |
| Sale tax deferment | 61.42 | - | - | - | - | - | 61.42 | 61.42 | |
| Short term borrowings | 35,815.58 | - | - | - | - | - | 35,815.58 | 35,815.58 | |
| Trade payables | 17,829.43 | - | - | - | - | - | 17,829.43 | 17,829.43 | |
| Derivatives | - | - | 5,292.03 | - | - | 184.69 | 5,476.72 | 5,476.72 | |
| Other financial liabilities | 1,168.23 | - | - | - | - | - | 1,168.23 | 1,168.23 | |

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Balance Sheet as at 31 March 2016 are as follows:

| Particulars | Amortised cost | Financial assets/liabilities at fair value through profit or loss | | Financial assets/liabilities at fair value through OCI | | Total carrying amount | Fair value | | |
|---|----------------|---|----------|--|----------|-----------------------|------------|--|-----------|
| | | Designated upon initial recognition | | Mandatory | | | | Equity instruments designated upon initial recognition | Mandatory |
| | | | | | | | | | |
| Financial assets: | | | | | | | | | |
| Investment in equity instruments (Unquoted) | - | - | - | - | 2,649.47 | - | 2,649.47 | 2,649.47 | |
| Investment in equity instruments (Quoted) | - | - | - | - | 517.48 | - | 517.48 | 517.48 | |
| Investment in mutual funds | - | - | 2,100.00 | - | - | - | 2,100.00 | 2,100.00 | |
| Investment in government securities | 0.07 | - | - | - | - | - | 0.07 | 0.07 | |
| Trade receivables | 21,179.13 | - | - | - | - | - | 21,179.13 | 21,179.13 | |
| Cash and cash equivalents | 2,966.95 | - | - | - | - | - | 2,966.95 | 2,966.95 | |
| Other bank balance | 1,693.07 | - | - | - | - | - | 1,693.07 | 1,693.07 | |
| Loans | 1,993.88 | - | - | - | - | - | 1,993.88 | 1,993.88 | |
| Other financial assets | 905.78 | - | - | - | - | - | 905.78 | 905.78 | |
| Financial liabilities: | | | | | | | | | |
| Non convertible debentures | 28,811.11 | - | - | - | - | - | 28,811.11 | 28,811.11 | |
| Term loans | 18,569.96 | - | - | - | - | - | 18,569.96 | 18,569.96 | |
| Sale tax deferment | 163.88 | - | - | - | - | - | 163.88 | 163.88 | |
| Short term borrowings | 41,190.99 | - | - | - | - | - | 41,190.99 | 41,190.99 | |
| Trade payables | 11,527.39 | - | - | - | - | - | 11,527.39 | 11,527.39 | |
| Derivatives | - | - | 3,677.12 | - | - | 2,511.28 | 6,188.40 | 6,188.40 | |
| Other financial liabilities | 3,083.93 | - | - | - | - | - | 3,083.93 | 3,083.93 | |

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financial statements for the year ended 31 March 2017 (Continued)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Balance Sheet as at 1 April 2015 are as follows:

| Particulars | Amortised cost | Financial assets/liabilities at fair value through profit or loss | | | | Financial assets/liabilities at fair value through OCI | | Total carrying amount | Fair value |
|---|----------------|---|----------|-----------|----------|--|-----------|-----------------------|------------|
| | | Designated upon initial recognition | | Mandatory | | Equity instruments designated upon initial recognition | Mandatory | | |
| | | | | | | | | | |
| Amount in ₹ Lakhs | | | | | | | | | |
| Financial Assets: | | | | | | | | | |
| Investment in equity instruments (Unquoted) | - | - | - | - | 2,489.74 | - | 2,489.74 | 2,489.74 | |
| Investment in equity instruments (Quoted) | - | - | - | - | 438.21 | - | 438.21 | 438.21 | |
| Investment in mutual funds | - | - | 2,512.71 | - | - | - | 2,512.71 | 2,512.71 | |
| Investment in government securities | 0.07 | - | - | - | - | - | 0.07 | 0.07 | |
| Trade receivables | 32,909.76 | - | - | - | - | - | 32,909.76 | 32,909.76 | |
| Cash and cash equivalents | 1,739.01 | - | - | - | - | - | 1,739.01 | 1,739.01 | |
| Other bank balance | 2,394.01 | - | - | - | - | - | 2,394.01 | 2,394.01 | |
| Loans | 2,065.25 | - | - | - | - | - | 2,065.25 | 2,065.25 | |
| Other financial assets | 314.89 | - | - | - | - | - | 314.89 | 314.89 | |
| Financial Liabilities: | | | | | | | | | |
| Non convertible debentures | 34,421.57 | - | - | - | - | - | 34,421.57 | 34,421.57 | |
| Term loans | 24,230.63 | - | - | - | - | - | 24,230.63 | 24,230.63 | |
| Sale tax deferment | 204.97 | - | - | - | - | - | 204.97 | 204.97 | |
| Short term borrowings | 52,633.11 | - | - | - | - | - | 52,633.11 | 52,633.11 | |
| Trade payables | 10,867.98 | - | - | - | - | - | 10,867.98 | 10,867.98 | |
| Derivatives | - | - | 6,935.09 | - | - | 3,925.75 | 10,860.84 | 10,860.84 | |
| Other financial liabilities | 2,320.10 | - | - | - | - | - | 2,320.10 | 2,320.10 | |

40. Fair value measurement (Ind AS 113)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

The Group has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2017

| Particulars | Note | Amount in ₹ Lakhs | | | Total |
|---|------|-------------------|----------|----------|----------|
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | |
| Investment in equity instruments (Unquoted) | 6 | - | - | 6,859.44 | 6,859.44 |
| Investment in equity instruments (Quoted) | 6 | 1.80 | - | 1,796.07 | 1,797.87 |
| Investment in mutual funds | 6 | 37.67 | - | - | 37.67 |
| Total financial assets | | 39.47 | - | 8,655.51 | 8,694.98 |
| Financial liabilities | | | | | |
| Derivatives | 20 | - | 5,476.72 | - | 5,476.72 |
| Total financial liabilities | | - | 5,476.72 | - | 5,476.72 |

Financial assets and liabilities measured at fair value - recurring fair value measurements as at 31 March 2016

| Particulars | Note | Amount in ₹ Lakhs | | | Total |
|---|------|-------------------|----------|----------|----------|
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | |
| Investment in equity instruments (Unquoted) | 6 | - | - | 2,649.47 | 2,649.47 |
| Investment in equity instruments (Quoted) | 6 | 20.49 | - | 496.99 | 517.48 |
| Investment in mutual funds | 6 | 2,100.00 | - | - | 2,100.00 |
| Total financial assets | | 2,120.49 | - | 3,146.46 | 5,266.95 |
| Financial liabilities | | | | | |
| Derivatives | 20 | - | 6,188.40 | - | 6,188.40 |
| Total financial liabilities | | - | 6,188.40 | - | 6,188.40 |



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Financial assets and liabilities measured at fair value - recurring fair value measurements as at 1 April 2015

| Particulars | Note | Amount in ₹ Lakhs | | | |
|---|------|-------------------|-----------|----------|-----------|
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets | | | | | |
| Investment in equity instruments (Unquoted) | 6 | - | - | 2,489.74 | 2,489.74 |
| Investment in equity instruments (Quoted) | 6 | 23.27 | - | 414.94 | 438.21 |
| Investment in mutual funds | 6 | - | - | - | - |
| Total financial assets | | 23.27 | - | 2,904.68 | 2,927.95 |
| Financial liabilities | | | | | |
| Derivatives | 20 | - | 10,860.84 | - | 10,860.84 |
| Total financial liabilities | | - | 10,860.84 | - | 10,860.84 |

The management assessed that trade receivables, cash and cash equivalent, other bank balances, trade payable, cash credits, commercial papers and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values:

- The fair value of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the respective reporting date.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.
- The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on management estimates.

The significant observable inputs used in the fair value measurement of the fair value hierarchy of level 3 inputs like discounted cash flows, market multiple method, option pricing model etc.

41. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Group's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group operations. The Group's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. Foreign currency options contract are entered to hedge certain foreign currency risk exposures and interest rate swaps to hedge variable interest rate exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

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financial statements for the year ended 31 March 2017 (Continued)

The sources of risks which the Group is exposed to and their management is given below:

| Risk | Exposure Arising from | Measurement | Management |
|-----------------------|--|---|---|
| Credit risk | Trade receivables, Investments, Derivative financial instruments, Loans | Ageing analysis, Credit rating | Diversification of mutual fund investments, Credit limit and credit worthiness monitoring, credit based approval process. |
| Liquidity risk | Borrowings and Other liabilities | Rolling cash flow forecasts | Adequate unused credit lines and borrowing facilities. |
| Market risk | | | |
| Foreign exchange risk | Committed commercial transaction Financial asset and liabilities not denominated in INR | Cash flow forecasting Sensitivity analysis | Forward foreign exchange contracts. Foreign currency options principal only/currency swaps. |
| Interest rate | Long term borrowings at variable rates Investment in debt scheme of mutual fund and other debt securities | Sensitivity analysis Interest rate movements | Interest rate swaps |
| Security prices | Investment in equity securities | Sensitivity analysis | Portfolio diversification |

The Group has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

(i) Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank, mutual fund investments, investments in debt securities, foreign exchange transactions and financial guarantees. The Group has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

Trade receivable

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Exposure to credit risks

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration percentage of revenue generated from top customer and top five customers are stated below:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------|-----------------------------|-----------------------------|
| Revenue from a top customer | 14.17% | 14.29% |
| Revenue from top five customers | 43.38% | 43.87% |

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. As per simplified approach, the Group makes provision of expected credit loss on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the credit loss allowance for trade receivables. Movement in impairment loss account is as follows:



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financial statements for the year ended 31 March 2017 (Continued)

Amount in ₹ Lakhs

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--------------------------------------|-----------------------------|-----------------------------|
| Balance at the beginning | 417.01 | 545.81 |
| Impairment loss recognised/ reversed | - | (128.80) |
| Amounts written-back | - | - |
| Balance at the end | 417.01 | 417.01 |

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Group's finance team is responsible for liquidity, finding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Amount in ₹ Lakhs

| 31 March 2017 | Less than 1 year | 1-2 years | 2-3 years | 3-5 years | > 5 years | Total |
|---|---------------------|-----------|-----------|-----------|-----------|-----------|
| Borrowings (including estimated interest) | 42,671.66 | 6,557.92 | 6,271.15 | 31,888.03 | 4,390.90 | 91,779.66 |
| Trade and other payables | 17,829.43 | - | - | - | - | 17,829.43 |
| Derivatives | 4,594.40 | 220.79 | 220.79 | 440.74 | - | 5,476.72 |
| Other financial liabilities | 527.12 | - | - | 25.77 | - | 552.89 |

Amount in ₹ Lakhs

| 31 March 2016 | Less than 1 year | 1-2 years | 2-3 years | 3-5 years | > 5 years | Total |
|---|---------------------|-----------|-----------|-----------|-----------|-------------|
| Borrowings (including estimated interest) | 55,380.94 | 5,821.61 | 5,563.88 | 33,453.51 | 3,626.85 | 1,03,846.79 |
| Trade and other payables | 11,527.39 | - | - | - | - | 11,527.39 |
| Derivatives | 245.39 | 4,692.59 | 245.24 | 1,005.18 | - | 6,188.40 |
| Other financial liabilities | 176.52 | - | - | - | 25.77 | 202.29 |

Amount in ₹ Lakhs

| 1 April 2015 | Less than 1 year | 1-2 years | 2-3 years | 3-5 years | > 5 years | Total |
|---|---------------------|-----------|-----------|-----------|-----------|-------------|
| Borrowings (including estimated interest) | 63,233.51 | 14,832.81 | 5,726.52 | 10,762.57 | 31,756.96 | 1,26,312.37 |
| Trade and other payables | 10,847.42 | 20.56 | - | - | - | 10,867.98 |
| Derivatives | 5,096.69 | 287.13 | 4,133.62 | 532.04 | 811.36 | 10,860.84 |
| Other financial liabilities | 411.42 | - | - | - | 25.77 | 437.19 |

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management. Generally, the Group seeks to apply hedge accounting to manage volatility in other comprehensive income.

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financial statements for the year ended 31 March 2017 (Continued)

(a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transaction are primarily denominated as USD and JPY.

The Group evaluates exchange rate exposure arising from foreign currency transactions. The Group follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

Exposure to currency risk

The Group's exposure to foreign currency are at the end of the reporting period are as follows:

| Particulars | Amount in ₹ Lakhs | | | |
|--|----------------------------|-------------|----------------------------|------------|
| | In original currency (USD) | In ₹ | In original currency (JPY) | In ₹ |
| 31 March 2017 | | | | |
| Trade receivables | 16.72 | 1,083.80 | - | - |
| Cash and cash equivalents | 8.98 | 582.52 | - | - |
| Other financial assets | 18.24 | 1,183.03 | - | - |
| Borrowings (including current maturities of long-term debt) | (312.76) | (20,278.80) | (3,020.26) | (1,750.54) |
| Trade payables | (106.51) | (6,905.64) | - | - |
| Derivatives | (73.94) | (4,794.36) | (1,177.29) | (682.36) |
| Net exposure in respect of recognised financial assets and liabilities | (449.27) | (29,129.45) | (4,197.55) | (2,432.90) |

| Particulars | Amount in ₹ Lakhs | | | |
|--|----------------------------|-------------|----------------------------|------------|
| | In original currency (USD) | In ₹ | In original currency (JPY) | In ₹ |
| 31 March 2016 | | | | |
| Trade receivables | 32.22 | 2,137.27 | - | - |
| Cash and cash equivalents | 6.75 | 447.48 | - | - |
| Other current financial assets | 16.98 | 1,126.59 | - | - |
| Borrowings (including current maturities of long-term debt) | (444.02) | (29,453.12) | (3,883.77) | (2,293.76) |
| Trade payables | (63.58) | (4,217.76) | - | - |
| Derivatives | (78.17) | (5,185.45) | (1,698.19) | (1,002.95) |
| Net exposure in respect of recognised financial assets and liabilities | (529.82) | (35,144.99) | (5,581.96) | (3,296.71) |

| Particulars | Amount in ₹ Lakhs | | | |
|--|----------------------------|-------------|----------------------------|------------|
| | In original currency (USD) | In ₹ | In original currency (JPY) | In ₹ |
| 1 April 2015 | | | | |
| Trade receivables | 56.84 | 3,557.46 | - | - |
| Cash and cash equivalents | - | 0.01 | - | - |
| Other current financial assets | 10.84 | 678.82 | - | - |
| Borrowings (including current maturities of long-term debts) | (671.14) | (42,007.20) | (4,746.83) | (2,473.57) |
| Trade payables | (73.46) | (4,597.64) | - | - |
| Derivatives | (152.66) | (9,555.15) | (2,505.64) | (1,305.69) |
| Net exposure in respect of recognised financial assets and liabilities | (829.58) | (51,923.70) | (7,252.47) | (3,779.26) |



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Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD and JPY against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Particulars | Profit or loss | | Equity, net of tax | |
|----------------------|----------------|-----------|--------------------|-----------|
| | Strengthening | Weakening | Strengthening | Weakening |
| 31 March 2017 | | | | |
| USD (5% Movement) | (1,456.47) | 1,456.47 | (952.42) | 952.42 |
| JPY (10% Movement) | (243.29) | 243.29 | (159.09) | 159.09 |
| 31 March 2016 | | | | |
| USD (5% Movement) | (1,757.25) | 1,757.25 | (1,149.10) | 1,149.10 |
| JPY (10% Movement) | (329.67) | 329.67 | (215.58) | 215.58 |

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates related primarily to the Group's short term borrowing (excluding commercial paper and others) with floating interest rates. For all long term borrowings with floating rates, the risk of variation in the interest rates is mitigated through interest rate swaps. The Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Exposure to Interest rate risk

The interest rate profile of the Group's interest bearing financial instruments at the end of the reporting period are as follows:

| Particulars | Amount in ₹ Lakhs | | |
|----------------------------------|-------------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Fixed rate instruments | | | |
| Financial assets | 2,549.74 | 2,564.47 | 3,236.00 |
| Financial liabilities | (24,990.43) | (24,988.04) | (24,985.86) |
| | (22,440.69) | (22,423.57) | (21,749.86) |
| Effect of interest rate swaps | (2,674.59) | (7,711.20) | (11,970.49) |
| | (25,115.28) | (30,134.77) | (33,720.35) |
| Variable rate instruments | | | |
| Financial assets | - | - | - |
| Financial liabilities | (52,307.05) | (63,584.02) | (80,471.14) |
| | (52,307.05) | (63,584.02) | (80,471.14) |
| Effect of interest rate swaps | 2,674.59 | 7,711.20 | 11,970.49 |
| | (49,632.46) | (55,872.82) | (68,500.65) |

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitive analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

| Particulars | Profit or loss | | Equity, net of tax | |
|------------------------------------|-----------------|---------------|--------------------|---------------|
| | Strengthening | Weakening | Strengthening | Weakening |
| 31 March 2017 | | | | |
| Variable rate instruments | (523.07) | 523.07 | (342.05) | 342.05 |
| Interest rate swap | 26.75 | (26.75) | 17.49 | (17.49) |
| Cash flow sensitivity (net) | (496.32) | 496.32 | (324.56) | 324.56 |
| 31 March 2016 | | | | |
| Variable rate instruments | (635.84) | 635.84 | (415.79) | 415.79 |
| Interest rate swap | 26.75 | (26.75) | 17.49 | (17.49) |
| Cash flow sensitivity (net) | (609.09) | 609.09 | (398.30) | 398.30 |

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particular foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

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(c) Equity price risks

The Group's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

Sensitivity analysis - equity price risk

Investment in equity instruments of the Group are listed on the Bombay Stock Exchange (BSE), National Stock Exchange and Calcutta Stock Exchange (CSE) in India. The table below summaries the impact of increase/decrease of the Nifty 50 index on the Group's equity and profit for the period. The analysis is based on the assumption that the NSE nifty 50 equity index had increased/ decreased by 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the index.

| Particulars | Profit or loss | | Equity, net of tax | |
|---|----------------|---------------|--------------------|---------------|
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| NSE Nifty 50 - increase by 10% (31 March 2016: 10%) | 0.27 | 2.77 | 0.18 | 1.81 |
| NSE Nifty 50 - decrease by 10% (31 March 2016: 10%) | (0.27) | (2.77) | (0.18) | (1.81) |

(d) Hedge accounting

Currency risk-Transactions in foreign currency

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and interest rate exposures are denominated. The currencies in which these transactions are primarily denominated are US dollars and JPY Yens. The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out as per the risk management policy of the Group.

The Group holds derivative financial instruments such as foreign currency forward, cross currency swaps, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The Group's risk management policy is to hedge its foreign currency exposure in respect of firm commitments and highly probable forecasted transactions and interest rate risks. The counterparty for these contracts is generally a bank or a financial institution.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item. In order to designate a derivative contract as an effective hedge, the management objectively evaluates and evidence with appropriate underlying documents of each contract whether the contract is effective in offsetting cash flow attributable to the hedged risk. The Group applies a hedge ratio of 1:1.

In these hedging relationships, the main sources of ineffectiveness are :

- the effect of the counterparty and the Group's own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in the timing of the hedged transactions."

Interest rate risk

The Group adopts a policy of hedging its certain interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional of hedging instruments or par amounts of hedged items.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in re-pricing dates between the swaps and the borrowings."

The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:



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| Particulars | Currency pair | Position | 31 March 2017 | | 31 March 2016 | |
|--|-----------------------|--------------------|-------------------------------------|----------------------|-------------------------------------|-------------------|
| | | | Amount in foreign currency in lakhs | Amount in ₹ in lakhs | Amount in foreign currency in lakhs | Amount in ₹ lakhs |
| Forward contracts [4, (previous year 3)] | USD/INR | Buy | 275.34 | 17,852.65 | 62.44 | 4,141.62 |
| Currency swaps [4, (previous year 4)] | USD/INR | Sell | 213.54 | 13,845.63 | 213.54 | 14,164.73 |
| Currency swap [1, (previous year 1)] | USD/JPY | Sell | 3,013.89 | 1,746.85 | 3,875.00 | 2,288.58 |
| Option contracts [5, (previous year Nil)] | USD/INR | Options | 230.00 | 14,912.88 | - | - |
| Interest rate swaps [3, (previous year 3)] | USD/INR | Notional Principal | 246.12 | 15,958.08 | 246.12 | 16,325.85 |
| Interest rate swaps [2, (previous year 4)] | USD-Floating to fixed | Notional Principal | 41.25 | 2,674.59 | 116.25 | 7,711.20 |
| Interest rate swap [1, (previous year 1)] | JPY to INR | Notional Principal | 4,733.69 | 2,743.65 | 4,733.69 | 2,795.72 |

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

| | Amount in ₹ Lakhs | | |
|--|-------------------|-----------------|------------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Not later than one month | 1.67 | (2.18) | 81.38 |
| Later than one month and not later than three months | 4,375.47 | - | 72.25 |
| Later than three months and not later than one year | 217.26 | 247.57 | 4,943.06 |
| Later than one year | 882.32 | 5,943.01 | 5,764.15 |
| | 5,476.72 | 6,188.40 | 10,860.84 |

All derivative contracts outstanding as at year end are marked to market. The Group has applied hedge accounting principles. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items. If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in Statement of profit and loss at the time of the hedge relationship rebalancing.

Accordingly, net exchange fluctuation loss/ (gain) aggregating to ₹ (168.36) lakhs (31 March 2016: ₹ 1,610.93 lakhs), being the effective portion of the contract designated as effective hedge for future cash flows has been recognised in the other comprehensive income.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

| | 31 March 2017 | | 31 March 2016 | |
|---|----------------------------|--------------------------------|----------------------------|--------------------------------|
| | Derivative financial asset | Derivative financial liability | Derivative financial asset | Derivative financial liability |
| Gross amount of recognised financial asset/ liability | 114.40 | 5,591.12 | 6.63 | 6,195.03 |
| Amount set-off | (114.40) | (114.40) | (6.63) | (6.63) |
| Net amount presented in balance sheet | - | 5,476.72 | - | 6,188.40 |

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Disclosure of effects of hedge accounting on financial performance

For the year ended 31 March 2017

Amount in ₹ Lakhs

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge effectiveness recognised in Consolidated Statement of Profit and Loss | Amount reclassified from cash flow hedging reserve to Consolidated Statement of Profit and Loss | Line item affected in the Consolidated Statement of profit and loss because of the reclassification |
|---------------------------|--|---|---|---|
| Cash flow hedge | | | | |
| (i) Foreign exchange risk | (124.65) | - | 2,158.23 | Foreign exchange fluctuation |
| (ii) Interest rate risk | (43.71) | - | - | |

For the year ended 31 March 2016

Amount in ₹ Lakhs

| Type of hedge | Change in the value of the hedging instrument recognised in other comprehensive income | Hedge effectiveness recognised in Consolidated Statement of Profit and Loss | Amount reclassified from cash flow hedging reserve to Consolidated Statement of Profit and Loss | Line item affected in the Consolidated Statement of profit and loss because of the reclassification |
|---------------------------|--|---|---|---|
| Cash flow hedge | | | | |
| (i) Foreign exchange risk | 1,625.46 | - | 3,025.40 | Foreign exchange fluctuation |
| (ii) Interest rate risk | (14.53) | - | - | |

Movements in cash flow hedging reserve

Amount in ₹ Lakhs

| Risk category | Foreign currency risks | Interest rate risk | Total |
|---|-----------------------------------|---------------------|------------|
| | Foreign exchange forward contract | Interest rate swaps | |
| Derivative instruments | | | |
| Cash flow hedging reserve | | | |
| As at 1 April 2015 | 3,880.65 | 45.10 | 3,925.75 |
| Add: Changes in discounted spot element of foreign exchange forward contracts | (3,030.94) | - | (3,030.94) |
| Add: Changes in fair value of interest rate swaps | - | (14.53) | (14.53) |
| Less: Amount reclassified to profit or loss | 1,631.00 | - | 1,631.00 |
| As at 31 March 2016 | 2,480.71 | 30.57 | 2,511.28 |
| Add: Changes in discounted spot element of foreign exchange forward contracts | (124.65) | - | (124.65) |
| Add: Changes in fair value of interest rate swaps | - | (43.71) | (43.71) |
| Less: Amount reclassified to profit or loss | 2,158.23 | - | 2,158.23 |
| As at 31 March 2017 | 197.82 | (13.13) | 184.69 |



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Impact of hedging activities:

31 March 2017

Amount in ₹ Lakhs

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio | Weighted average strike price/rate | Change in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---------------|-----------------|---------------------------------------|-------------|---|-------------|------------------------------------|--|--|
| | Assets | Liabilities | Assets | Liabilities | | | | | |
| Cash flow hedge: Foreign exchange contract - Currency swap contract | - | USD 213.54 | - | 3,845.63 | ICICI: 28 June 2017 (USD) | 1:1 | US\$ 1: INR 46.83 | (319.09) | 319.09 |
| | - | JPY 3,013.89 | - | 197.82 | ICICI: 24 Aug 2020 (JPY) | 1:1 | JPY 1: INR 0.7026 | 197.82 | (197.82) |
| Interest rate risk - Interest rate swap | USD 41.25 | - | 13.13 | - | DBS: 15 September 2020 HSBC: 17 September 2018 | 1:1 | 1.3% | (43.71) | 43.71 |

31 March 2016

Amount in ₹ Lakhs

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio | Weighted average strike price/rate | Change in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---------------|---------------|---------------------------------------|-------------|---|-------------|------------------------------------|--|--|
| | Assets | Liabilities | Assets | Liabilities | | | | | |
| Cash flow hedge: Foreign exchange contract - Currency swap contract | - | USD 213.54 | - | 4,164.72 | ICICI: 28 June 2017 | 1:1 | US\$ 1: INR 46.83 | (3,030.94) | 3,030.94 |
| Interest rate risk - Interest rate swap | - | USD 116.25 | - | 30.58 | DBS: 19 December 2016, 15 September 2020 HSBC: 24 February 2017, 17 September 2018 | 1:1 | 1.10% | (14.53) | 14.53 |

1 April 2015

Amount in ₹ Lakhs

| Type of hedge and risks | Nominal value | | Carrying amount of hedging instrument | | Maturity date | Hedge ratio | Weighted average strike price/rate | Change in fair value of hedging instrument | Change in the value of hedged item used as the basis for recognising hedge effectiveness |
|---|---------------|---------------|---------------------------------------|-------------|---|-------------|------------------------------------|--|--|
| | Assets | Liabilities | Assets | Liabilities | | | | | |
| Cash flow hedge: Foreign exchange contract - Currency swap contract | - | USD 434.50 | - | 7,195.67 | ICICI: 19 Nov 2015, 22 Dec 2015, 24 Dec 2015, 13 Jan 2016, 28 June 2017 | 1:1 | US\$ 1: INR 46.83 | NA | NA |
| Interest rate risk - Interest rate swap | - | USD 191.25 | - | 45.10 | DBS: 19 December 2016, 15 September 2020 HSBC: 24 February 2017, 17 September 2018 | 1:1 | 1.1% | NA | NA |

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financial statements for the year ended 31 March 2017 (Continued)

42. Capital management (Ind AS 1)

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders.

The Group's objective when managing capital are to: (a) to maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purpose of the Group's capital management, capital includes issued equity share capital and other equity reserves attributable to the equity holders.

The Group monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

| Particulars | | Amount in ₹ Lakhs | | |
|--|---|-------------------|---------------|--------------|
| | | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Total debt (Bank and other borrowings) | A | 77,358.90 | 88,735.94 | 111,490.28 |
| Equity | B | 102,973.57 | 87,864.56 | 82,000.94 |
| Liquid investments including bank deposits | C | 1,242.75 | 5,066.95 | 4,251.72 |
| Debt to Equity (A / B) | | 0.75 | 1.01 | 1.36 |
| Debt to Equity (net) [(A-C) / B] | | 0.74 | 0.95 | 1.31 |

In addition the Group has financial covenants relating to the banking facilities that it has taken from all the lenders like interest service coverage ratio, Debt to EBITDA, current ratio etc. which is maintained by the Group.

43. The Group does not make any direct remittances of dividends in foreign currencies to non-residents shareholders. Dividend to non-resident shareholders has been deposited into their Rupee account in banks in India.
44. The Group has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Group continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.
45. Total expenditure incurred on Corporate Social Responsibility (CSR) activities during the year ended 31 March 2017 ₹ 14.70 lakhs (31 March 2016: ₹ 24.16 lakhs). This expenditure has been disclosed as expenditure on corporate social responsibility in note 30, 'Other expenses'.

Detail of CSR expenditure during the financial year:

- (a) Gross amount required to be spent by the Holding Company during the year 31 March 2017 : ₹ Nil (31 March 2016: ₹ Nil).
- (b) Amount spent during the year on:

For the year ended 31 March 2017

| Particulars | Amount in ₹ Lakhs | | |
|--|-------------------|---------------------------------|--------------|
| | Amount (in cash) | Amount (yet to be paid in cash) | Total |
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | | | |
| - Eradicating Hunger, poverty and malnutrition | 7.28 | - | 7.28 |
| - Education and promoting education | 1.96 | - | 1.96 |
| - Promoting healthcare including preventive healthcare | 5.46 | - | 5.46 |
| Total | 14.70 | - | 14.70 |

For the year ended 31 March 2016

| Particulars | Amount in ₹ Lakhs | | |
|--|-------------------|---------------------------------|--------------|
| | Amount (in cash) | Amount (yet to be paid in cash) | Total |
| (i) Construction / acquisition of any asset | - | - | - |
| (ii) On purposes other than (i) above | | | |
| - Eradicating Hunger, poverty and malnutrition | 11.85 | - | 11.85 |
| - Education and promoting education | 7.00 | - | 7.00 |
| - Promoting healthcare including preventive healthcare | 5.31 | - | 5.31 |
| Total | 24.16 | - | 24.16 |



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46. Disclosure on specified bank notes (SBNs)

During the year, the Group had specified bank notes or other denomination notes as defined in the MCA notification G.S.R.308 (E) dated 31 March 2017 on the details of Specified Bank Notes (SBN), held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particulars | Amount in ₹ Lakhs | | |
|---|-----------------------|--------------------------|-------|
| | Specified Bank Notes* | Other denomination notes | Total |
| Closing cash in hand as on 8 November 2016 | 25.30 | 8.07 | 33.37 |
| Add: Permitted receipts | - | 60.26 | 60.26 |
| Less: Permitted payments | - | 55.13 | 55.13 |
| Less: Amount deposited in banks | 25.30 | - | 25.30 |
| Closing cash in hand as on 30 December 2016 | - | 13.20 | 13.20 |

*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

47. Explanation of transition to Ind AS

As stated in note 2A, these are the Group's first Consolidated financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Group had prepared its Consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The accounting policies as set out in note 3 have been applied in preparing these Consolidated financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Consolidated Ind AS balance sheet as on the date of transition i.e. 1 April 2015.

In preparing its Consolidated Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Group has adjusted amounts reported previously in Consolidated financial statements prepared in accordance with previous GAAP. This note explains the principal adjustments made by the Group in restating its Consolidated financial statements prepared in accordance with previous GAAP, and how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these Consolidated financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions:

A. Optional exemptions availed

(a) Property, plant and equipment

As per Ind AS 101 an entity may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.
- (ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, *Intangible Assets*, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

As permitted by Ind AS 101, the Group has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. There is no decommissioning liabilities to be incurred by the Group relating to property, plant and equipment.

(b) Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement).

The Group has elected to avail the above exemption.

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financial statements for the year ended 31 March 2017 (Continued)

47. Explanation of transition to Ind AS (Continued)

(c) Designation of previously recognised financial instruments

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition i.e 1 April 2015 to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL).

The Group has opted to avail this exemption to designate certain equity investments as FVOCI on the date of transition on the basis of facts and circumstances existed at the date of transition to Ind AS.

(d) Cumulative translation difference

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Accordingly, the Group has continued to follow the previous GAAP policy for foreign currency monetary item translation difference account (FCMITDA).

(e) Fair value measurement of financial assets or liabilities at initial recognition

The Group has applied the requirements of Ind AS 109, "Financial Instruments: Recognition and Measurement", wherever applicable.

(f) Business Combination

The Group has elected not to apply Ind AS 103- Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April 2015. Consequently, the Group has kept the same classification for the past business combinations as in its previous GAAP financial statements.

B. Mandatory exceptions

(a) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirement.

(b) Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, *Financial Instruments*, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the derecognition principles of Ind AS 109 retrospectively as reliable information was available at the time of initially accounting for these transactions.

(c) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

(d) Non-controlling interests (NCI)

Ind AS 110 requires that total comprehensive income should be attributed to the owners of the parent and the NCI even if this results in the NCI having a negative balance. Ind AS 101 requires this requirement to be applied prospectively from the date of transition to Ind AS.

The Group has decided to restate the balance of NCI from the date of transition, 1 April 2015.



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financial statements for the year ended 31 March 2017 (Continued)

47. Explanation of transition to Ind AS (Continued)

C. Reconciliation of equity

| | | 31 March 2016 | | | 1 April 2015 | | |
|---|--------------------------------|-------------------|------------------------------------|-------------------|-------------------|------------------------------------|--------------------|
| | | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
| Amount in ₹ Lakhs | | | | | | | |
| I. ASSETS | | | | | | | |
| (1) Non-current assets | | | | | | | |
| | | 117,988.27 | - | 117,988.27 | 122,826.32 | - | 122,826.32 |
| (a) | Property, plant and equipment | | | | | | |
| (b) | Capital work-in-progress | 3,138.01 | - | 3,138.01 | 1,412.30 | - | 1,412.30 |
| (c) Financial assets | | | | | | | |
| (i) | Investments | 197.09 | 2,969.93 | 3,167.02 | 197.09 | 2,730.93 | 2,928.02 |
| (ii) | Trade receivable | 798.10 | (10.07) | 788.03 | 798.10 | (14.06) | 784.04 |
| (iii) | Loans | 4,772.83 | (2,972.33) | 1,800.50 | 4,284.15 | (2,377.38) | 1,906.77 |
| (iv) | Other financial assets | 2.45 | - | 2.45 | 41.65 | - | 41.65 |
| (d) | Non-current tax assets (Net) | 409.72 | - | 409.72 | 362.22 | - | 362.22 |
| (e) | Other non-current assets | 5,938.06 | 2,483.05 | 8,421.11 | 6,669.08 | 1,966.95 | 8,636.03 |
| Total Non-current assets | | 133,244.53 | 2,470.58 | 135,715.11 | 136,590.91 | 2,306.44 | 138,897.35 |
| (2) Current assets | | | | | | | |
| (a) | Inventories | 31,962.14 | - | 31,962.14 | 36,753.46 | - | 36,753.46 |
| (b) Financial assets | | | | | | | |
| (i) | Investments | 2,100.00 | - | 2,100.00 | 2,100.00 | 412.71 | 2,512.71 |
| (ii) | Trade receivables | 20,391.10 | - | 20,391.10 | 32,125.72 | - | 32,125.72 |
| (iii) | Cash and cash equivalents | 2,966.95 | - | 2,966.95 | 1,739.01 | - | 1,739.01 |
| (iv) | Other bank balances | 1,693.07 | - | 1,693.07 | 2,394.01 | - | 2,394.01 |
| (v) | Loans | 191.63 | 1.75 | 193.38 | 158.48 | - | 158.48 |
| (vi) | Other financial assets | 903.33 | - | 903.33 | 273.24 | - | 273.24 |
| (c) | Other current assets | 9,967.91 | 325.61 | 10,293.52 | 12,070.47 | (16.27) | 12,054.20 |
| Total Current assets | | 70,176.13 | 327.36 | 70,503.49 | 87,614.39 | 396.44 | 88,010.83 |
| TOTAL ASSETS | | 203,420.66 | 2,797.94 | 206,218.60 | 224,205.30 | 2,702.88 | 2,26,908.18 |
| II. EQUITY AND LIABILITIES | | | | | | | |
| Equity | | | | | | | |
| (a) | Equity share capital | 4,184.08 | - | 4,184.08 | 3,857.33 | - | 3,857.33 |
| (b) | Other equity | 80,504.14 | 3,181.26 | 83,685.40 | 74,993.47 | 3,118.09 | 78,111.56 |
| Equity attributable to the owners of the Company | | 84,688.22 | 3,181.26 | 87,869.48 | 78,850.80 | 3,118.09 | 81,968.89 |
| Non-controlling interests | | - | (4.92) | (4.92) | 32.05 | - | 32.05 |
| Total Equity | | 84,688.22 | 3,176.34 | 87,864.56 | 78,882.85 | 3,118.09 | 82,000.94 |
| Liabilities | | | | | | | |
| (1) Non-current liabilities | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) | Borrowings | 36,679.96 | (79.76) | 36,600.20 | 53,214.25 | (949.80) | 52,264.45 |
| (ii) | Trade payable | - | - | - | 20.56 | - | 20.56 |
| (iii) | Derivatives | 5,943.01 | - | 5,943.01 | 5,764.15 | - | 5,764.15 |
| (iv) | Other financial liabilities | 25.77 | - | 25.77 | 1,195.04 | - | 1,195.04 |
| (b) | Provisions | 102.93 | - | 102.93 | 78.42 | - | 78.42 |
| (c) | Deferred tax liabilities (net) | 4,781.70 | (24.00) | 4,757.70 | 5,219.71 | (13.52) | 5,206.19 |
| Total Non-current liabilities | | 47,533.37 | (103.76) | 47,429.61 | 65,492.13 | (963.32) | 64,528.81 |
| (2) Current liabilities | | | | | | | |
| (a) Financial liabilities | | | | | | | |
| (i) | Borrowings | 41,190.99 | - | 41,190.99 | 52,633.11 | - | 52,633.11 |
| (ii) | Trade payable | 11,527.39 | - | 11,527.39 | 10,847.42 | - | 10,847.42 |
| (iii) | Derivatives | 258.54 | (13.15) | 245.39 | 4,672.71 | 423.98 | 5,096.69 |
| (iv) | Other financial liabilities | 14,012.61 | (9.70) | 14,002.91 | 7,593.65 | 124.13 | 7,717.78 |
| (b) | Other current liabilities | 3,891.48 | - | 3,891.48 | 4,005.51 | - | 4,005.51 |
| (c) | Provisions | 318.06 | (251.79) | 66.27 | 77.92 | - | 77.92 |
| Total Current liabilities | | 71,199.07 | (274.64) | 70,924.43 | 79,830.32 | 548.11 | 80,378.43 |
| TOTAL EQUITY AND LIABILITIES | | 203,420.66 | 2,797.94 | 206,218.60 | 224,205.30 | 2,702.88 | 2,26,908.18 |

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

47. Explanation of transition to Ind AS (Continued)

D. Reconciliation of total comprehensive income for the year ended 31 March 2016

| | | Amount in ₹ Lakhs | | |
|--------------|---|--------------------------|------------------------------------|-------------------|
| | | Year ended 31 March 2016 | | |
| | Note | Previous GAAP* | Adjustment on transition to Ind AS | Ind AS |
| I. | Revenue from operations | 118,343.37 | 13,894.24 | 132,237.61 |
| II. | Other income | 1,033.84 | (145.16) | 888.68 |
| III. | Total income (I + II) | 1,19,377.21 | 13,749.08 | 133,126.29 |
| IV. | Expenses | | | |
| | Cost of materials consumed | 78,948.43 | - | 78,948.43 |
| | Changes in inventories of finished goods and work-in-progress | 5,552.88 | - | 5,552.88 |
| | Excise duty | - | 13,894.24 | 13,894.24 |
| | Employee benefits expense | 3,202.17 | (5.72) | 3,196.45 |
| | Finance costs | 10,334.05 | 776.93 | 11,110.98 |
| | Depreciation and amortisation expense | 6,704.74 | - | 6,704.74 |
| | Foreign exchange fluctuation | 2,135.96 | (891.71) | 1,244.25 |
| | Other expenses | 14,598.38 | 223.43 | 14,821.81 |
| | Total expenses (IV) | 121,476.61 | 13,997.17 | 135,473.78 |
| V. | Profit/ (loss) before tax (III-IV) | (2,099.40) | (248.09) | (2,347.49) |
| VI. | Tax expenses | | | |
| | Current tax | (5.31) | - | (5.31) |
| | Deferred tax | (438.01) | (8.50) | (446.51) |
| VII. | Profit / (loss) for the year (V-VI) | (1,656.08) | (239.59) | (1,895.67) |
| VIII. | Other comprehensive income (net of tax) | | | |
| | A. Items that will not be reclassified subsequently to profit or loss | | | |
| | (a) Remeasurements of defined benefit liability/ (asset) | - | (5.72) | (5.72) |
| | (b) Equity instruments through other comprehensive income - net change in fair value (net of taxes) | - | 239.00 | 239.00 |
| | (c) Income taxes relating to items that will not be reclassified to profit or loss | - | 1.98 | 1.98 |
| | Net other comprehensive income not to be reclassified subsequently to profit or loss | - | 235.26 | 235.26 |
| | B. Items that will be reclassified subsequently to profit or loss | | | |
| | (a) Effective portion of gain (losses) on hedging instruments in cash flow hedges | - | 3,045.48 | 3,045.48 |
| | (b) Effective portion of gain (losses) on hedging instruments in cash flow hedges reclassified to profit and loss | - | (4,656.41) | (4,656.41) |
| | (c) Exchange differences in translating financial statements of foreign operations | - | (139.24) | (139.24) |
| | Net other comprehensive income to be reclassified subsequently to profit or loss | | (1,750.17) | (1,750.17) |
| | Other comprehensive income for the year, net of income tax | - | (1,514.91) | (1,514.91) |
| IX. | Total other comprehensive income/(loss) for the year (VII+VIII) | (1,656.08) | (1,754.50) | (3,410.58) |



Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

47. Explanation of transition to Ind AS (Continued)

- E. There were no significant reconciliation items between cash flows prepared under previous GAAP and those prepared under Ind AS.
- F. **Notes to the reconciliations of equity as at 1 April 2015 and 31 March 2016 and total comprehensive income for the year ended 31 March 2016**

(a) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2015 or as on 31 March 2016.

(b) Proposed dividend

Under previous GAAP, dividends proposed by the Board of Directors after the reporting date but before the approval of Consolidated financial statements were considered to be adjusting event and accordingly recognised (along with related dividend distribution tax) as liabilities at the reporting date. Under Ind AS, dividends so proposed by the board are considered to be non-adjusting event. Accordingly, provision for proposed dividend and dividend distribution tax recognised under previous GAAP has been reversed.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Consolidated Balance sheet | | |
| Provisions - proposed dividend including dividend distribution tax | - | 251.79 |
| Adjustment to Retained earnings | - | 251.79 |

(c) Excise duty

Under previous GAAP, revenue from sale of goods was presented net of the excise duty on sales. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. Excise duty is presented in the Statement of consolidated Profit and Loss as an expense. This has resulted in an increase in the revenue from operations and expenses for the year ended 31 March 2016. The total comprehensive income for the year ended and equity as at 31 March 2016 has remained unchanged.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs |
|--|-----------------------------|
| | Year ended 31 March 2016 |
| Consolidated Statement of Profit and Loss | |
| Profit or loss: | |
| Revenue from operations | (13,894.24) |
| Excise duty | 13,894.24 |
| Adjustment before income tax | - |

(d) Amortisation of non-current trade receivable

On transition to Ind AS, the Group has recognised non-current trade receivables at amortised cost based on business model as required by Ind AS 109. Consequently, trade receivables are measured at amortised cost with a corresponding decrease in retained earnings on the date of transition and 31 March 2016.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs |
|--|-----------------------------|
| | Year ended 31 March 2016 |
| Consolidated Statement of Profit and Loss | |
| Profit or loss: | |
| Other Income - Unwinding of discount on security deposits and others | (3.99) |
| Adjustment before income tax | (3.99) |

| | Amount in ₹ Lakhs | |
|-----------------------------------|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Consolidated Balance sheet | | |
| Trade receivables | (14.06) | (10.07) |
| Related tax impact | 4.87 | 3.49 |
| Adjustment to Retained earnings | (9.19) | (6.58) |

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

47. Explanation of transition to Ind AS (Continued)

(e) Borrowings at amortised cost

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|---------|
| | Year ended 31 March 2016 | |
| Consolidated Statement of Profit and Loss | | |
| Profit or loss: | | |
| Finance costs - Interest expense | | 776.93 |
| Foreign exchange fluctuation | | (40.72) |
| Adjustment before income tax | | 736.21 |

| | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Consolidated Balance sheet | | |
| Borrowings at amortised cost | 949.80 | 79.76 |
| Other financial liabilities - Current maturities of long-term debts | - | 820.24 |
| Other financial liabilities - Interest accrued but not due on borrowings | (124.13) | (810.54) |
| Related tax effect | (285.75) | (30.96) |
| Adjustment to Retained earnings | 539.92 | 58.50 |

(f) Fair valuation of investments

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries have been fair valued. The Group has designated certain investments classified as fair value through profit or loss with certain others equity investments designated as at fair value through other comprehensive income as permitted by Ind AS 109. Under the previous GAAP, the application of the relevant accounting standard resulted in all these investments being carried at cost.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|----------|
| | Year ended 31 March 2016 | |
| Consolidated Statement of Profit and Loss | | |
| Profit or loss: | | |
| Other income - Gain of fair valuation of investments through Profit and Loss | | (148.96) |
| Other income - Gain on sale of current investments | | 561.67 |
| OCI: | | |
| Equity instruments through other comprehensive income - net change in fair value | | (239.00) |
| Adjustment before income tax | | 173.71 |

| | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Consolidated Balance sheet | | |
| Investments - Equity instrument carried at fair value through other comprehensive income (FVOCI) | 2,730.93 | 2,969.93 |
| Investments - Mutual funds (quoted) carried at fair value through profit or loss (FVTPL) | 412.71 | - |
| Related tax effect | - | - |
| Adjustment to Retained earnings | 3,143.64 | 2,969.93 |

(g) Derivatives

Under Previous GAAP, the Group had classified amounts received from its investor as subscription towards Foreign currency convertible bonds under borrowings in accordance with the generally accepted accounting



Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

47. Explanation of transition to Ind AS (Continued)

principles. Under Ind AS these financial instruments were separated into financial liability and embedded derivative components. The derivative component has been recognised and subsequently measured at fair value on reporting dates. The recognition and subsequent measurement of embedded derivatives resulted in decrease in equity by ₹ 608.66 lakhs as on 1 April 2015.

The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|------------|
| | Year ended 31 March 2016 | |
| Consolidated Statement of Profit and Loss | | |
| Profit or loss: | | |
| Foreign exchange fluctuation | | (661.78) |
| OCI: | | |
| Effective portion of gains/(losses) on hedging instruments in cash flow hedges | | 3,045.48 |
| Effective portion of gains/(losses) on hedging instruments in cash flow hedges reclassified to profit and loss | | (4,656.41) |
| Adjustment before income tax | | (1,610.93) |

| | Amount in ₹ Lakhs | |
|--|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Consolidated Balance sheet | | |
| Embedded derivative- financial liability at FVTPL | (608.65) | - |
| Derivatives- financial liability (forward contracts) at FVTPL | 184.67 | 13.15 |
| Other current assets - other receivables (Premium on forward contract) | (243.50) | (18.85) |
| Related tax effect | 231.00 | 1.97 |
| Adjustment to Retained earnings | (436.48) | (3.73) |

(h) Amortisation of security deposits

Unlike in previous GAAP, Ind AS requires the financial asset to be measured at amortised costs if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Pursuant to the above, security deposits has been measured at amortised cost. The impact arising from the change is summarised as follows:

| | Amount in ₹ Lakhs | |
|--|-----------------------------|----------|
| | Year ended 31 March 2016 | |
| Consolidated Statement of Profit and Loss | | |
| Profit or loss: | | |
| Other Income - Unwinding of discount on security deposits and others | | (263.56) |
| Other Expenses - Rent | | 223.43 |
| Adjustment before income tax | | (40.13) |

| | Amount in ₹ Lakhs | |
|---|-------------------|---------------|
| | 1 April 2015 | 31 March 2016 |
| Consolidated Balance sheet | | |
| Loans - Security and other deposits | (2,377.38) | (2,970.58) |
| Other non-current assets - prepaid rent | 1,966.95 | 2,483.05 |
| Other current assets - other receivable | 227.23 | 344.46 |
| Related tax effect | 63.40 | 49.50 |
| Adjustment to Retained earnings | (119.80) | (93.57) |

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

47. Explanation of transition to Ind AS (Continued)

(i) Foreign exchange fluctuation

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation i.e., AAT Global Limited, wholly owned subsidiary company, and exchange differences arising on the settlement or conversion of monetary assets and liabilities has been recognised in profit or loss in the year in which they arise. Adjustment on this account is ₹ 189.21 lakhs.

(j) Non-controlling interests

Under previous GAAP, non-controlling interests were presented in the Consolidated Balance sheet separately (as minority interests) from the equity and liabilities. Under Ins AS, non-controlling interests are presented in the Consolidated Balance sheet within total equity, separately from the equity attributable to the owners of the Company. The effect of this change is an increase in total equity as at 1 April 2015 of ₹ Nil and as at 31 March 2016 of ₹ (4.92) lakhs with corresponding elimination of minority interests under previous GAAP.

(k) Income tax

The above changes increased/ (decreased) in deferred tax liability based on tax rate of 34.608% is as follows:

| | Note | Amount in ₹ Lakhs | |
|---|------|-------------------|---------------|
| | | 1 April 2015 | 31 March 2016 |
| Amortisation of non-current trade receivable | d | 4.87 | 3.49 |
| Borrowings at amortised cost | e | (285.75) | (30.96) |
| Derivatives | g | 231.00 | 1.97 |
| Amortisation of security deposits | h | 63.40 | 49.50 |
| Increase/(Decrease) in deferred tax liability | | 13.52 | 24.00 |

(l) Retained earnings

The above changes increased/ (decreased) total equity as follows:

| | Note | Amount in ₹ Lakhs | |
|--|------|-------------------|---------------|
| | | 1 April 2015 | 31 March 2016 |
| Proposed dividend | b | - | 251.79 |
| Amortisation of non-current trade receivable | d | (14.06) | (10.07) |
| Borrowings at amortised cost | e | 825.67 | 89.46 |
| Fair valuation of investments | f | 3,143.64 | 2,969.93 |
| Derivatives | g | (667.48) | (5.70) |
| Amortisation of security deposits | h | (183.20) | (143.07) |
| Non-controlling interests | j | - | 4.92 |
| Tax effects on above adjustments | k | 13.52 | 24.00 |
| Increase in total equity | | 3,118.09 | 3,181.26 |

48. Operating segments:

A. Basis of segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief operating decision maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which is the Group's strategic business units. These business units are managed separately because they require different technology and marketing strategies. For these business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

| Reportable segment | Operations |
|--------------------------------|-----------------------------|
| Carbon materials and chemicals | Manufacturing |
| Power | Generation and Distribution |

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.



Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

| Year ended 31 March 2017 | Reportable segments | | | Amount in ₹ Lakhs |
|---|--------------------------------|-----------------|-----------------|-------------------|
| | Carbon materials and chemicals | Power | Elimination | Total |
| Segment revenue: | | | | |
| - External revenues | 147,171.71 | 1,837.11 | - | 149,008.82 |
| - Inter-segment revenue | - | 1,671.46 | 1,671.46 | - |
| Total segment revenue | 147,171.71 | 3,508.57 | 1,671.46 | 149,008.82 |
| Segment profit (loss) before income tax | - | - | - | 12,466.58 |
| Segment profit (loss) before income tax includes: | | | | |
| Interest revenue | - | - | - | (357.62) |
| Interest expense | - | - | - | 8,157.74 |
| Depreciation and amortisation | 3,128.24 | 149.90 | - | 3,278.14 |
| Tax expense | - | - | - | 4,222.76 |
| Profit after tax | - | - | - | 8,243.82 |
| Segment assets | 192,120.39 | 5,625.49 | - | 197,745.88 |
| Unallocable corporate assets | - | - | - | 21,289.41 |
| Capital expenditure during the year | 1,196.71 | 16.71 | - | 1,213.42 |
| Segment liabilities | 23,573.81 | 33.56 | - | 23,607.37 |
| Unallocable corporate liabilities | - | - | - | 92,454.35 |

| Year ended 31 March 2016 | Reportable segments | | | Amount in ₹ Lakhs |
|---|--------------------------------|-----------------|-----------------|-------------------|
| | Carbon materials and chemicals | Power | Elimination | Total |
| Segment revenue: | | | | |
| - External revenues | 130,465.75 | 1,771.86 | - | 132,237.61 |
| - Inter-segment revenue | - | 1,579.66 | 1,579.66 | - |
| Total segment revenue | 130,465.75 | 3,351.52 | 1,579.66 | 132,237.61 |
| Segment profit (loss) before income tax | - | - | - | (2,347.49) |
| Segment profit (loss) before income tax includes: | | | | |
| Interest revenue | - | - | - | (527.29) |
| Interest expense | - | - | - | 11,110.98 |
| Depreciation and amortisation | 6,486.57 | 218.17 | - | 6,704.74 |
| Tax expense | - | - | - | (451.82) |
| Profit after tax | - | - | - | (1,895.67) |
| Segment assets | 184,168.79 | 5,812.00 | - | 189,980.79 |
| Unallocable corporate assets | - | - | - | 16,237.81 |
| Capital expenditure during the year | 2,759.31 | 5.57 | - | 2,764.88 |
| Segment liabilities | 15,732.33 | 23.66 | - | 15,755.99 |
| Unallocable corporate liabilities | - | - | - | 102,598.05 |

Property, plant and equipment are allocated based on location of the assets.

Secondary segment information (geographical segment)

| Particulars | Amount in ₹ Lakhs | | | | | |
|--|-------------------|---------------|---------------|---------------|---------------|---------------|
| | Within India | | Outside India | | Total | |
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| External revenue by location of customers | 131,001.12 | 116,784.81 | 18,007.70 | 15,452.80 | 149,008.82 | 132,237.61 |
| Carrying amount of segment assets by location of assets | 205,880.92 | 190,559.78 | 13,154.37 | 15,658.82 | 219,035.29 | 206,218.60 |
| Cost incurred on acquisition of tangible and intangible fixed assets | 1,204.80 | 2,544.57 | 8.62 | 220.31 | 1,213.42 | 2,764.88 |

Major customer

Revenue from one customer of the Group's Carbon material and chemical segment is ₹ 18,947.96 lakhs (31 March 2016: ₹ 16,893.89 lakhs) which is more than 10 percent of the Group's total revenue.

49. Government grant (Ind AS 20): Other operating revenues includes Incentives against capital investments, under State Investment Promotion Scheme of ₹ 557.06 lakhs (31 March 2016: ₹ Nil).

Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

50. Non-controlling interests
Additional information pursuant to paragraph 2 of Division II of schedule III to the Companies Act 2013.

| | Net assets (total assets minus total liabilities) | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|---|--------------------|-------------------------------------|-------------------|---|-------------------|---|-------------------|
| | As % of consolidated net assets | Amount in ₹ Lakhs | As % of consolidated profit or loss | Amount in ₹ Lakhs | As % of consolidated other comprehensive income | Amount in ₹ Lakhs | As % of consolidated total comprehensive income | Amount in ₹ Lakhs |
| Parent | | | | | | | | |
| Himadri Speciality Chemical Limited | 104.70% | 1,07,809.76 | 98.46% | 8,117.37 | 114.90% | 5,666.34 | 104.62% | 13,783.71 |
| Subsidiaries: | | | | | | | | |
| Indian | | | | | | | | |
| Equal Commoddeal Private Limited | 7.75% | 7,978.18 | (2.19%) | (180.49) | 0.00% | - | (1.37%) | (180.49) |
| Foreign | | | | | | | | |
| 1. AAT Global Limited | 5.30% | 5,456.91 | 10.55% | 869.44 | 0.00% | - | 6.60% | 869.44 |
| 2. Shandong Dawn Himadri Chemical Industry Limited | (0.56%) | (578.79) | (6.41%) | (528.75) | 0.00% | - | (4.01%) | (528.75) |
| Non-controlling interests in all subsidiaries | | | | | | | | |
| Intercompany eliminations on consolidation | (0.04%) | (36.84) | (0.41%) | (33.75) | 0.00% | - | (0.26%) | (33.75) |
| Exchange differences in translating financial statements of foreign operations | (17.15%) | (17,655.65) | 0.00% | - | 0.00% | - | 0.00% | - |
| | 0.00% | - | 0.00% | - | (14.90%) | (734.82) | (5.58%) | (734.82) |
| At 31 March 2017 | 100.00% | 1,02,973.57 | 100.00% | 8,243.82 | 100.00% | 4,931.52 | 100.00% | 13,175.34 |



Notes to the Consolidated

financial statements for the year ended 31 March 2017 (Continued)

51. Distribution made and proposed dividend (Ind AS 1)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Cash dividend on equity shares declared and paid | | |
| Final dividend for the year ended on 31 March 2016: ₹ 0.05 per share (31 March 2015: ₹ Nil) | 209.20 | - |
| Dividend distribution tax on final dividend | 42.59 | - |
| Total dividend paid | 251.79 | - |
| Proposed dividend on Equity shares: | | |
| Final dividend for the year ended on 31 March 2017: ₹ 0.1 per share (31 March 2016: ₹ 0.05) | 418.41 | 209.20 |
| Dividend distribution tax on final dividend | 85.18 | 42.59 |
| Total dividend proposed | 503.59 | 251.79 |

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at 31 March 2017.

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number. 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Place: Kolkata
Date: 10 May 2017

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
CIN: L27106WB1987PLCO42756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer
Place: Kolkata
Date: 10 May 2017

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Bajrang Lal Sharma
Company Secretary

Form AOC-1

Statement containing salient features of the Financial Statements of Subsidiaries as per Companies Act, 2013

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Amount in ₹ Lakhs

| S.No. | 1 | 2 | | 3 | |
|---------------------------------|---------------------------------------|------------------------------|----------|--|----------|
| Name of the Subsidiary Company | Equal Commodal Private Limited, India | AAT Global Limited, Hongkong | | Shandong Dawn Himadri Chemical Industry Limited, China | |
| Financial year ending on | 31 March 2017 | 31 March 2017 | | 31 March 2017 | |
| Reporting currency | INR | INR | HKD | INR | RMB |
| Share capital | 1.00 | 5,910.44 | 707.84 | 4,427.40 | 470.00 |
| Other equity | 7,977.18 | (453.53) | (54.31) | (5,043.03) | (535.35) |
| Total assets | 8,732.32 | 12,539.10 | 1,501.69 | 9,946.69 | 1,055.91 |
| Total liabilities | 754.14 | 7,082.19 | 848.16 | 10,562.32 | 1,121.26 |
| Investments | 5,257.23 | 4,511.27 | 540.27 | - | - |
| Turnover / Total income | 163.21 | 20,716.96 | 2,392.67 | 4,336.53 | 440.93 |
| Profit/ (loss) before tax | (180.49) | 869.44 | 3.58 | (562.50) | (57.19) |
| Provision for taxation | - | - | - | - | - |
| Profit/ (loss) after tax | (180.49) | 869.44 | 3.58 | (562.50) | (57.19) |
| Proposed dividend | - | - | - | - | - |
| % of Shareholding | 100% | | 100% | | 94% |

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Ltd
 CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
 Managing Director
 DIN: 00173792

Sd/-
Shyam Sundar Choudhary
 Executive Director
 DIN: 00173732

Place: Kolkata
 Date: 10 May 2017

Sd/-
Kamlesh Kumar Agarwal
 Chief Financial Officer

Sd/-
Bajrang Lal Sharma
 Company Secretary

Corporate Information

Chairman Emeritus

Mr. Damodar Prasad Choudhary

Board of Directors

Mrs. Rita Bhattacharya

(DIN: 03157199)

- Nominee of LIC of India

Mr. Shyam Sundar Choudhary

(DIN: 00173732)

- Executive Director

Mr. Bankey Lal Choudhary

(DIN: 00173792)

- Managing Director

Mr. Vijay Kumar Choudhary

(DIN: 00173858)

- Executive Director

Mr. Sakti Kumar Banerjee

(DIN: 00631772)

- Non-Executive Independent Director

Mr. Hardip Singh Mann

(DIN: 00104948)

- Non-Executive Independent Director

Mr. Santimoy Dey

(DIN: 06875452)

- Non-Executive Independent Director

Mr. Hanuman Mal Choraria

(DIN: 00018375)

- Non-Executive Independent Director

Mr. Santosh Kumar Agrawala

(DIN: 00364962)

- Non-Executive Independent Director
(Additional Director)

Mr. Suryakant Balkrishna Mainak

(DIN: 02531129)

- Non-Executive Independent Director
(Additional Director)

Senior Management Team

Mr. Anurag Choudhary

- Chief Executive Officer

Mr. Amit Choudhary

- President, Projects

Mr. Tushar Choudhary

- President, Operations

Mr. Kamlesh Kumar Agarwal

- Chief Financial Officer

Bankers

State Bank of India

Central Bank of India

ICICI Bank Limited

Axis Bank Limited

Citi Bank, N.A.

IndusInd Bank Limited

Union Bank of India

Yes Bank Limited

IDBI Bank Limited

Registrar & Share Transfer Agent

M/s. S.K. Infosolutions Pvt. Ltd

34/1A, Sudhir Chatterjee Street

Kolkata 700 006

Tel: (033) 2219 6797 / 4815

E-mail: contact@skcinfo.com /

skcdilip@gmail.com

Website: www.skcinfo.com

Registered Office

Fortuna Tower

23-A, Netaji Subhas Road

8th Floor, Kolkata - 700 001

Tel Fax: 91 (033) 22104261/62

E-mail: info@himadri.com

Web Site: www.himadri.com

CIN: L27106WB1987PLC042756

Corporate Office

8, India Exchange Place, 2nd Floor,

Kolkata - 700 001

Tel: (033) 2230-4363/ 9953

Fax: 91-033-2230-9051

Auditors

M/s B S R & Co. LLP

Chartered Accountants

Unit No: 603-604, 6th Floor,

Tower - I Godrej Waterside Sector - V

Salt lake City

Kolkata - 700 091

Company Secretary & Compliance Officer

Mr. Bajrang Lal Sharma

Solicitors & Advocates

M/s Aquilaw

9 Old Post Office Street

8th Floor

Kolkata - 700 001

Works

Unit number 1

58 N.S. Road, Liluah, Howrah (W.B.)

Unit number 2

27B Gadadhar Bhatt Road, Liluah,
Howrah (W.B.)

Mahistikry Plant

Mahistikry, P.S. - Haripal District Hooghly
(W.B.)

Visakhapatnam Unit

Ancillary Industrial Estate Visakhapatnam
(A.P.)

Korba Unit

Jhagrah, Rajgamar Colliery Korba
(Chhattisgarh)

Vapi Unit

GIDC 1st Phase, Vapi (Gujarat)

Sambalpur Unit

Kenghati. P.O Jayantpur,
Sambalpur - 768112

Falta (SEZ unit)

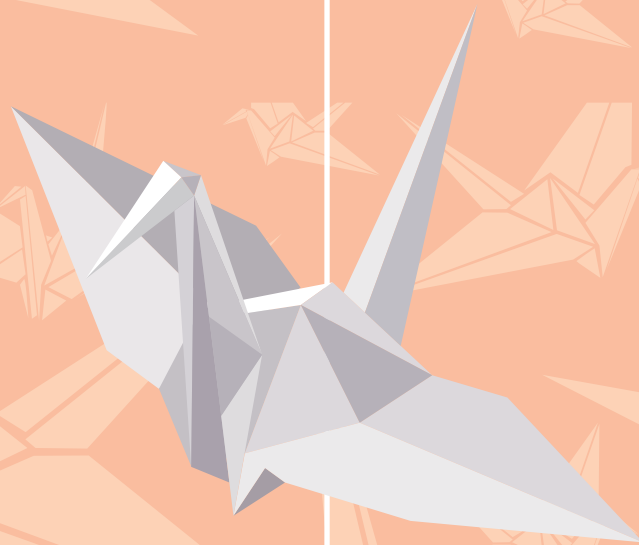
Falta Special Economic Zone
Sector - II, Vill - Simulberia, Falta,
Dist- 24 Pgs (South), West Bengal

Windmills

1. Village Amkhel: Taluka - Sakri,
District Dhule, Maharashtra
2. Village Titane, Taluka - Sakri,
District Dhule, Maharashtra

China Unit

Longkou, Shandong China



Registered Office

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website: www.himadri.com