

Independent Auditor's Report on Financial Result pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015

**To the Board of Directors
ACB (INDIA) LIMITED**

1. We have audited the accompanying statement of financial results of ACB (India) Limited (the "Company") for the year ended 31 March, 2019 ("Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulation"), read with SEBI Circular No. CIR/IMD/DFI/69/2016 dated August 10, 2016 (the "Circular"). This Statement has been prepared on the basis of the audited financial statements for the year ended 31 March, 2019, which is the responsibility of the Company's Management and has been approved by the Board of Directors of the Company. Our responsibility is to express an opinion on the Statement based on our audit of the financial statements as at and for the year ended 31 March, 2019, prepared in accordance with Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and the relevant requirements of the Regulation and the Circular.
2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the Statement is free of material misstatement.
3. An audit involves performing procedures to obtain sufficient audit evidences about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment including the assessment of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached Statement:
 - i. are presented in accordance with the requirements of the Regulation, read with the Circular; and
 - ii. gives a true and fair view of the net profit including other comprehensive income and other financial information of the Company for the year ended 31 March, 2019.
5. **Emphasis of Matters**
 1. In the previous years, one of the customers, pursuant to a contract entered for beneficiation of coal claimed to invoke bank guarantees of Rs. 2,009.34 (previous year Rs. 2,009.34) out of total bank guarantees of Rs. 3,798.34 and raised further claim amounting to Rs. 752.67 (previous year Rs. 752.67) for recovery of cost of coal supplied by customer for beneficiation and penalties.



The Hon'ble Supreme Court vide its order dated 15 September, 2016 in SLP filed by the Company against the said claim for invocation, directed banks to release 40% of the total bank guarantees to the customer which the banks have released and rest of the amount to be covered by fresh bank guarantees and further directed the learned Arbitrator to decide the matter, as appointed by the Hon'ble Bombay High Court, Nagpur Bench on an application filed by the Company.

The Hon'ble Arbitrator vide its Awards dated 26 December, 2017 (for WCL area) and 02 January, 2018 (for SECL area) decided the matter in favour of the Company and directed the customer to pay to the Company Rs. 988.97 lakhs (Rs. 392.53 lakhs for WCL area and Rs. 596.44 lakhs for SECL area) towards the claims of the Company and also refund of Rs. 1,519.34 lakhs (Rs. 1059.45 lakhs for WCL area and Rs. 459.89 lakhs for SECL area) paid by the Company to the customer towards 40% of the total bank guarantees. The Hon'ble Arbitrator has directed the customer to pay the above amounts to the Company along with interest @ 15% p.a. applicable from the date of award till the date of payment.

Subsequently, customer has filed application under Section 34 of the Arbitration Act, 1996 challenging the awards passed by learned Arbitrator before District Judge, Nagpur. The District Judge vide its order dated 24 April, 2019 stayed the operation and implementation of the Awards passed by the arbitrator at Nagpur in the Arbitration proceeding between the Company and the Customer with following conditions:

- a. The Customer was directed to deposit sum of Rs. 317.66 lakhs (Rs.193.63 lakhs for WCL area and Rs. 124.03 lakhs for SECL area) towards withheld bills during the undisputed period i.e. from April, 2009 to March, 2011 within two months from the date of this order.
- b. The Customer was further directed to deposit 50% of the total amount of Award Rs. 2,508.31 lakhs (Rs. 1,491.58 lakhs for WCL area and Rs. 1,056.33 lakhs for SECL area) after deducting the amount of Rs. 317.66 lakhs (Rs.193.63 lakhs for WCL area and Rs. 124.03 lakhs for SECL area) as mentioned above within two months from the date of this order. The said amount shall carry interest at the rate of 15% per annum from the date of Award.

Further, management believes that it has strong legal case before the court and management is confident of recovery of the amounts from the Customer. Our report is not modified in respect of this matter.

- II. The Company has overdue trade receivables balance and security deposit receivable, amounting to Rs. 1,671.38 lacs (previous period Rs. 1,671.38 lacs) and Rs. 25.00 lacs (previous period Rs. 25.00 lacs) respectively, from one of its customer relating to sale of beneficiated coal. During the year ended 31 March, 2013, the Company had filed civil suit in the appropriate court for the recovery of its amount. The customer in its written statement contested the claim of the Company and denied to any amount payable to the Company. On 12 September, 2018, the Company and customer have filed joint memo that parties are interested for amicable settlement, hence the case be referred to Bangalore Mediation Centre for compromise. The Court vide order dated 12 September, 2018 directed parties to appear before Bangalore Mediation Centre. No settlement could be reached between the Parties and the matter was referred back to Commercial Court, Nagpur. The Company has filed an application in the Commercial Court for summary trial stating that counter claim of the Customer is not tenable in the light of the judgment passed by single judge in WP No. 17235/2009. The Court has issued notice to the Customer to file their reply on the application filed by the Company. The matter is currently pending. Based on the merits of the case, management is confident of recovery of full amount from the customer. Our report is not modified in respect of this matter.



6. The figures for the corresponding previous period/year have been regrouped/reclassified wherever necessary, to make them comparable. The figures for six months period ended 31 March 2019 and the corresponding previous period are balancing figures between the audited figures of the full financial year and figures up to first half-year of the financial year which have only been reviewed and not subjected to audit.

For Nagar Goel & Chawla

Chartered Accountants

ICAI Firm Registration No. : 009933N



Dharmender Singhal

Partner

Membership No. 515984



Place: New Delhi

Date: 29 May, 2019

**ACB (INDIA) LIMITED**

Regd. Office: C-102, L.G.F., New Multan Nagar, Surya Enclave, New Delhi – 110 056

Tel: +91 11 2529 1566; Fax: +91 11 2529 1567, Website: www.acbindia.com;

Email: compliance@acbindia.com, CIN : U10102DL1997PLC085837

The Statement of Audited Standalone Financial Results for the year ended 31 March 2019*(All amounts are in Rupees Lakhs, unless otherwise stated)*

Particulars	For the six months period ended	For the six months period ended	For the year ended	For the year ended
	31 March 2019 Audited (refer note 9)	31 March 2018 Audited (refer note 9)	31 March 2019 Audited	31 March 2018 Audited
1 (a) Revenue from operations	68,040.39	61,726.21	138,733.22	113,966.44
(b) Other income	2,778.62	2,186.08	5,620.43	6,272.68
Total income	70,819.01	63,912.29	144,353.65	120,239.12
2 Expenses:				
(a) Consumption of coal	7,596.77	5,789.19	20,181.44	14,940.89
(b) Movement in contract fulfilment cost	(965.27)	(143.16)	(1,081.60)	(213.12)
(c) Power, fuel and water expenses	1,687.89	1,474.66	3,348.63	2,902.68
(d) Consumption of chemicals	234.32	197.49	438.19	396.28
(e) Transportation and loading charges	16,392.30	12,552.37	29,316.60	20,175.49
(f) Construction project expenses	383.06	1,362.10	898.13	2,292.98
(g) Employee benefits expense	5,474.59	5,296.81	10,640.13	9,942.74
(h) Finance cost	9,769.75	11,112.25	19,386.89	21,462.50
(i) Depreciation and amortisation expense	5,486.71	5,586.95	10,919.34	11,113.53
(j) Other expenses	18,707.02	15,445.64	36,445.38	29,002.91
Total expenses	64,767.14	58,674.30	130,493.13	112,016.88
3 Profit before exceptional items and tax (1-2)	6,051.87	5,237.99	13,860.52	8,222.24
4 Exceptional items	-	-	-	-
5 Profit before tax (3-4)	6,051.87	5,237.99	13,860.52	8,222.24
6 Tax expense:				
(a) Current tax	1,134.00	1,990.89	3,871.00	3,104.00
(b) Deferred tax charge/ (credit)	246.10	747.81	(125.50)	(488.32)
(c) Taxes for earlier years	137.14	(146.12)	137.14	(146.12)
Tax expense	1,517.24	2,592.58	3,882.64	2,469.56
7 Profit for the period (5-6)	4,534.63	2,645.41	9,977.88	5,752.68
8 Other comprehensive income:				
Items that will never be reclassified to the Statement of Profit and Loss (net of tax)	20.45	62.37	19.62	61.76
9 Total comprehensive income for the period (7+8)	4,555.08	2,707.78	9,997.50	5,814.44
10 Paid up equity share capital (Face value per share of Rs. 10 each)	23,800.57	23,800.57	23,800.57	23,800.57
11 Paid up debt capital (non-convertible debentures)	7,750.00	17,500.00	7,750.00	17,500.00
12 Debenture redemption reserve	1,937.49	3,684.82	1,937.49	3,684.82
13 Reserves (excluding revaluation reserves and debenture redemption reserve)	215,070.06	203,947.96	215,070.06	203,947.96
14 Net worth (Paid up equity share capital plus Reserves and surplus, excluding debenture redemption reserve)	238,870.63	227,748.53	238,870.63	227,748.53
15 Earning per share (in Rs.)	1.91 *	1.11 *	4.19	2.42
16 Debt equity ratio (DER) **	0.73	0.79	0.73	0.79
17 Debt service coverage ratio (DSCR) #	0.88	1.03	0.95	1.02
18 Interest service coverage ratio (ISCR) ##	2.18	1.97	2.28	1.90

* Not annualised.

** DER = Debt [long term debt (including current maturities) + short term debt] / Equity [paid up equity share capital and reserves and surplus].

DSCR = Profit before finance cost and exceptional items, depreciation and amortisation expense and after tax / [Finance cost (including capitalised portion) + Scheduled principal repayments of long-term borrowings (excluding prepayments) during the period].

ISCR = Profit before finance cost and exceptional items, depreciation and amortisation expense and tax / Finance cost (including capitalised portion)

See accompanying notes to the Statement



ACB (India) Limited
Balance Sheet as at 31 March 2019
(All amounts are in Rupees lakhs, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
ASSETS		
(1) Non-current assets		
(a) Property, plant and equipment	125,393.96	133,475.97
(b) Capital work-in-progress	3,406.88	5,361.42
(c) Intangible assets	210.06	273.02
(d) Financial assets		
(i) Investment in subsidiaries, joint venture and associates	195,944.54	194,926.64
(ii) Other investments	180.60	181.65
(iii) Loans	1,212.93	637.94
(iv) Other financial assets	533.59	267.35
(e) Current tax assets (net)	847.33	1,629.39
(f) Other non-current assets	2,772.51	532.34
Total non-current assets	330,502.40	337,285.72
(2) Current assets		
(a) Inventories	11,714.35	7,078.06
(b) Financial assets		
(i) Investments	2,493.70	2,493.70
(ii) Trade receivables	34,376.40	31,825.82
(iii) Cash and cash equivalents	818.38	1,436.29
(iv) Other bank balances	10,503.50	7,556.43
(v) Loans	39,682.21	32,547.39
(vi) Other financial assets	6,414.36	10,915.65
(c) Other current assets	9,089.82	10,764.87
Total current assets	115,092.72	104,618.21
TOTAL ASSETS	445,595.12	441,903.93
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	23,800.57	23,800.57
(b) Other equity	217,007.55	207,632.78
Total equity	240,808.12	231,433.35
LIABILITIES		
(1) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	118,825.41	131,693.91
(ii) Other financial liabilities	43.51	391.27
(b) Provisions	2,260.45	1,973.72
(c) Deferred tax liabilities (Net)	10,599.00	10,714.00
Less: Minimum alternate tax credit entitlement	(4,807.08)	(5,763.56)
	5,791.92	4,950.44
Total non-current liabilities	126,921.29	139,009.34
(2) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	29,741.31	26,801.05
(ii) Trade and other payables	14,270.91	15,966.28
(iii) Other financial liabilities	31,013.43	26,897.81
(b) Other current liabilities	2,488.68	1,695.97
(c) Provisions	351.38	100.13
Total current liabilities	77,865.71	71,461.24
TOTAL EQUITY AND LIABILITIES	445,595.12	441,903.93



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Notes:

1. 'The Statement of Audited Standalone Financial Results' ('the Statement') has been extracted from the Audited Annual Ind AS Financial Statements. These Financial Results are prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable and discloses information required to be disclosed in terms of Regulation 52 of SEBI (Listing Obligations and Disclosure requirements) Regulations 2015 (as amended).
2. The above Statement has been reviewed by the Audit Committee and approved by the Board of Directors in their meeting held on 29 May 2019. The statutory auditors of the Company have expressed an unmodified audit opinion and their audit report is being filed with the Bombay Stock Exchange ("BSE") and is also available on the Company's website at www.acbindia.com.
3. The rating for non-convertible debentures of Rs. 7,750 lacs outstanding as on 31 March 2019 is IND A+/Stable from India Ratings and CRISIL A-/Stable from CRISIL.

4. Following is the information regarding interest and principal payment of non-convertible debentures:

Series of NCDs	Outstanding amount as at 31 March 2019 (Rs. lacs)	Previous due date for payment of Interest	Actual date of payment of Interest	Next due date for payment of Interest	Next due date for repayment of Principal	Scheduled Principal repayment amount (Rs. lacs)
Series 1	-	31-07-18	31-07-18	NA	NA	-
Series 2	-	31-10-18	31-10-18	NA	NA	-
Series 3	-	11-12-18	11-12-18	NA	NA	-
Series 4	-	20-01-19	19-01-19	NA	NA	-
Series 5	-	28-03-19	28-03-19	NA	NA	-
Series 6	1,250.00	05-06-18	05-06-18	05-06-19	05-06-19	1,250.00
Series 7	500.00	25-06-18	25-06-18	25-06-19	25-06-19	500.00
Series 8	6,000.00	18-03-19	18-03-19	18-03-20	18-03-20	6,000.00
Total	7,750.00					7,750.00

5. The non-convertible debentures are secured by an adequate asset cover as per the terms of Disclosure Document filed with BSE Limited.
6. In the previous years, one of the customers, pursuant to a contract entered for beneficiation of coal claimed to invoke bank guarantees of Rs. 2,009.34 (previous year Rs. 2,009.34) out of total bank guarantees of Rs. 3,798.34 and raised further claim amounting to Rs. 752.67 (previous year Rs. 752.67) for recovery of cost of coal supplied by customer for beneficiation and penalties. The Hon'ble Supreme Court vide its order dated 15 September 2016 in SLP filed by the company against the said claim for invocation, directed banks to release 40% of the total bank guarantees to the customer which the banks have released and rest of the amount to be covered by fresh bank guarantees and further directed the learned Arbitrator to decide the matter, as appointed by the Hon'ble Bombay High Court, Nagpur Bench on an application filed by the Company.

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Subsequently, customer has filed application under Section 34 of the Arbitration Act, 1996 challenging the awards passed by learned Arbitrator before District Judge, Nagpur. The District Judge vide its order dated 24 April 2019 stayed the operation and implementation of the Awards passed by the arbitrator at Nagpur in the Arbitration proceeding between the Company and the Customer with following conditions:

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- b. The Customer was further directed to deposit 50% of the total amount of Award Rs. 2,508.31 lakhs (Rs. 1,491.58 lakhs for WCL area and Rs. 1,056.33 lakhs for SECL area) after deducting the amount of Rs. 317.66 lakhs (Rs.193.63 lakhs for WCL area and Rs. 124.03 lakhs for SECL area) as mentioned above within two months from the date of this order. The said amount shall carry interest at the rate of 15% per annum from the date of Award.

Further, management believes that it has strong legal case before the court and management is confident of recovery of the amounts from the Customer.

7. The Company has overdue trade receivables balance and security deposit receivable, amounting to Rs. 1,671.38 lacs (previous period Rs. 1,671.38 lacs) and Rs. 25.00 lacs (previous period Rs. 25.00 lacs) respectively, from one of its customer relating to sale of beneficiated coal. During the year ended 31 March 2013, the Company had filed civil suit in the appropriate court for the recovery of its amount. The customer in its written statement contested the claim of the Company and denied to any amount payable to the Company. On 12 September 2018, the Company and customer have filed joint memo that parties are interested for amicable settlement, hence the case be referred to Bangalore Mediation Centre for compromise. The Court vide order dated 12 September 2018 directed parties to appear before Bangalore Mediation Centre. No settlement could be reached between the Parties and the matter was referred back to Commercial Court, Nagpur. The Company has filed an application in the Commercial Court for summary trial stating that counter claim of the Customer is not tenable in the light of the judgement passed by single judge in WP No. 17235/2009. The Court has issued notice to the Customer to file their reply on the application filed by the Company. The matter is currently pending. Based on the merits of the case, management is confident of recovery of full amount from the customer.
8. The Company had taken land on lease for Dipka Washery Plant in July 1998 from South Eastern Coalfields Limited ('SECL') for a period of 20 years. This period of 20 years expired in July 2019. The Company has filed a suit before Court of Learned Additional District Judge, Katghora, Korba with prayer that as per conditions mentioned in the agreement dated 07 July 1998 the plaintiff has the right to invoke option of renewal of lease for a further period of 15 years from 07 July 2018 and that the plaintiff is entitled for renewal of lease, as per application dated 31 May 2017, with new terms & conditions.

Further, ACB has also filed application for granting mandatory injunction directing the SECL to continue the supply of coal to the washery as per DO allotment even after 7 July 2018 till the renewal of lease and further, not to create any hurdle in operations of washery by the plaintiff.

The Court vide order dated 7 September 2018 restrained SECL by way of temporary injunction from creating any hurdle in the work of the ACB, that is to say, the SECL is directed not to stop supply of coal for the purpose of washing to the plaintiff company and the plaintiff company shall continue to carry out the work of coal washing till the disposal of the suit. Meanwhile SECL filed Miscellaneous Appeal No. 103 of 2018 before the Chhattisgarh High Court praying for setting aside the order dated 07 September 2018. Hon'ble High Court vide order dated 29 September 2018 modified the order of trial court and directed that till 05 January 2019 the parties shall be bound by the terms of lease and injunction order cannot be carried out beyond 05 January 2019.



Subsequently, the Company had filed SLP no. 32593/2018 before Hon'ble Supreme Court against the order dated 29 September 2018 passed by the Hon'ble High Court of Chhattisgarh in M.A. No. 103/2018. The Hon'ble Supreme Court vide its order dated 03 January 2019 issued notice and directed parties to maintain status quo. The matter is next listed for hearing on 26 July 2019. However, based on the merits of the case, management is confident of getting the renewal of the lease for a further period of 15 years.

9. The figures for the corresponding previous period/year have been regrouped/reclassified wherever necessary, to make them comparable. The figures for six months period ended 31 March 2019 and the corresponding previous period are balancing figures between the audited figures of the full financial year and figures up to first half-year of the financial year which have only been reviewed and not subjected to audit.

For and on behalf of Board of Directors

Place : Gurugram
Date : 29 May 2019



Rudra Sen Sindhu
Chairman cum Managing Director