

PERFORMING ON PRIORITIES

Elevating quality. Enhancing efficiencies.



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World of Indo Rama

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Total
income

₹ **27,296** mn

EBIDTA

₹ **238** mn

Market
capitalisation

₹ **4,949** mn

Equity share
information

NSE: INDORAMA
BSE: 500207

Forward-looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take 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 'anticipate', 'estimate', '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 our assumptions. The achievements of results are 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 statement, whether as a result of new information, future events or otherwise.



WORLD OF INDORAMA

Corporate Information

Board of Directors

Mohan Lal Lohia
Chairman Emeritus

Om Prakash Lohia
Chairman and Managing Director

Vishal Lohia
Whole-time Director

Anant Kishore
Whole-time Director & CEO
(upto 7th August 2016)

Ashok Kumar Ladha
Non-executive Independent Director

Ranjana Agarwal
Non-executive Independent Director

Suman Jyoti Khaitan
Non-executive Independent Director

Dr Arvind Pandalai
Non-executive Independent Director

Company Secretary

Jayantk Sood

Corporate Executives

Anant Kishore
Chief Executive Officer

Sanjeev Aggarwal
President and Chief Financial Officer

Mukul Dixit
President and Site Head

Jayantk Sood
Chief Human Resource Officer

Anupam Singhania
Sr. Vice President -Operations

Auditors

B S R and Associates, Gurgaon

Bankers

Axis Bank Limited

Bank of India

HDFC Bank Limited

Oriental Bank of Commerce

Punjab National Bank

State Bank of India

IKB Deutsche Industriebank AG



**WE BELIEVE SETTING
PRIORITIES AND THEIR
PERIODIC EVALUATION
ARE CRITICAL TO BUSINESS
SUSTAINABILITY.**

AT INDO RAMA, OUR BROAD PRIORITIES ARE: ENHANCING QUALITY AND EFFICIENCIES ACROSS OUR OPERATING LANDSCAPE, DESPITE EXTERNAL HEADWINDS.

DURING THE YEAR, WE FACED ACUTE SHORTAGE IN THE AVAILABILITY OF OUR KEY RAW MATERIAL; EVEN THE BUSINESS ENVIRONMENT NATIONALLY AND INTERNATIONALLY WAS LARGELY VOLATILE.

HOWEVER, WE STRENGTHENED OUR OPERATIONS, WIDENED OUR PRODUCT BASKET, RATIONALISED OUR COST STRUCTURE AND GREW OUR MARKET PROMINENCE. WE ALSO AUGMENTED OUR QUALITY ASSURANCE FRAMEWORK AND IMPROVED OUR INVENTORY CONTROL THROUGH PRUDENT PLANNING.

WE ARE DEVELOPING NEW PRODUCTS IN LINE WITH DIVERSE CUSTOMER REQUIREMENTS.

WE ARE DEEPENING OUR PRESENCE IN OUR EXISTING MARKETS AND FORAYING INTO UNEXPLORED GEOGRAPHIES ACROSS INDIA AND THE WORLD.

WE ARE PERFORMING ON OUR PRIORITIES AND CREATING VALUE FOR ALL STAKEHOLDERS WITH A LONG-TERM PERSPECTIVE.

EXCELLENCE ACROSS DECADES

INCORPORATED IN 1989, WE, AT INDO RAMA SYNTHETICS (INDIA) LTD, HAVE EMERGED AS THE LARGEST DEDICATED POLYESTER MANUFACTURER IN INDIA. WITH NEARLY THREE DECADES OF MARKET PRESENCE, WE ARE ONE OF THE COUNTRY'S MOST COST-EFFICIENT POLYESTER PRODUCERS. OUR INVESTMENTS IN INNOVATION AND CAPACITY EXPANSION ALLOW US TO INTEGRATE VALUE FOR OUR LARGE CUSTOMER BASE.

We have an integrated production facility in Butibori, near Nagpur, Maharashtra. We believe that polyester would be the fibre of the future, which encouraged us to foray into this business with confidence. Our well-defined quality and process management systems have enabled us to enjoy global presence.

We are a customer-focused organisation that implements stringent quality assurance measures and innovative business practices.

OUR MISSION



To be the preferred polyester business partner by focusing on customer delight and innovation to attain sustainable growth.

RELEVANT FACTS

28+

Years of robust industry expertise and experience

53

Countries across five continents mark our presence

610,050 TPA

Cumulative production capacity at our Butibori plant

1,400+

Members in team Indo Rama

OUR OFFERINGS

- Polyester Staple Fibre (PSF) 2,63,550 TPA
- Polyester Filament Yarn (PFY) 2,59,000 TPA
- Draw Texturised Yarn (DTY) 1,38,946 TPA
- Polyester Chips 87,500 TPA
- Power 71.08 MW

WIDE-RANGING PRODUCT APPLICATIONS

- Apparel & Sportswear
- Home Furnishing & Textiles
- Non-woven
- Automotive
- Technical Textiles

OUR KEY RAW MATERIALS

The primary raw materials needed for polyester production are Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG). Both PTA and MEG are petrochemical derivatives, making the industry sensitive to crude oil prices.

OUR TECHNOLOGY ALLIANCES

Our global technology partners enable us to consistently improve our capacities and make the most of emerging opportunities. These partners include:

- Chemtex Intl. Inc., USA
- Oerlikon Barmag, Germany
- Zimmer AG, Germany
- Autefa, Germany
- LTG Ameliorair, France
- Bertrams, Switzerland
- LVD, Belgium
- Wartsila Diesel, Finland
- Foxboro Invensys, Singapore
- Teijin Seiki, Japan
- Toyobo, Japan

OUR ACCREDITATIONS

Our commitment to quality, occupational safety, health and environment management has helped us achieve major certifications like:

- ISO-9001:2008 for Quality Management System (QMS) for ensuring stringent quality protocol
- ISO-14001:2004 Certification for globally benchmarked Environment Management System (EMS)
- OEKO Tex Certification for meeting Human and Ecological requirements
- REACH – Substance of Very High Concern (SVHC) for human health and environment safety

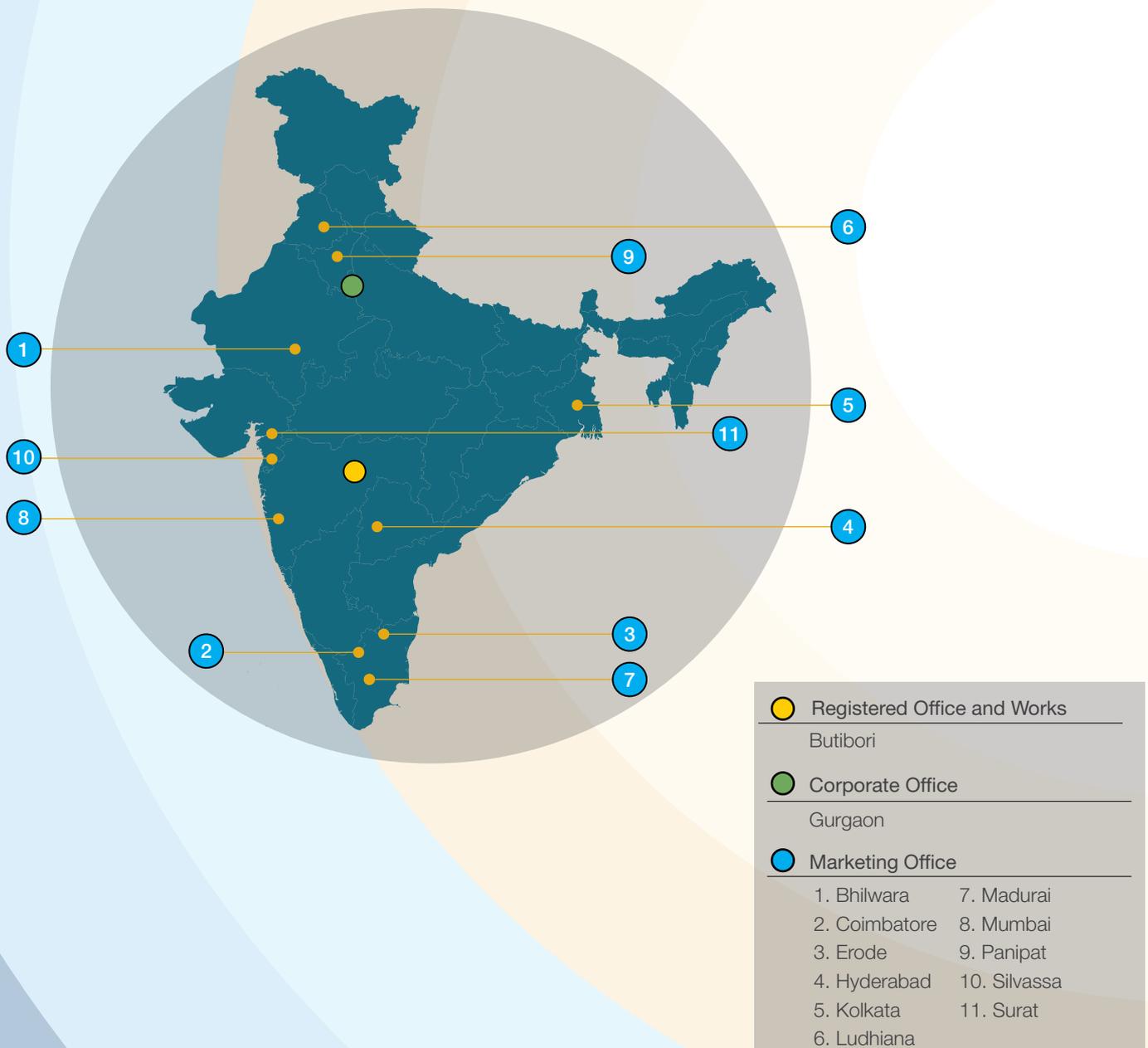
OUR AWARDS AND ACCOLADES



- Conferred the Energy Conservation Award in the petrochemical sector by the Maharashtra State Energy Development Agency (MEDA) for 2015-16
- Received the Highest Exporter and Highest Importer award in Central India from M/s Container Corporation of India Ltd.

AGILE ACROSS GEOGRAPHIES

INDO RAMA ENJOYS SIGNIFICANT PRESENCE IN MAJOR OVERSEAS MARKETS. THE RESULT IS MARKET DOMINANCE, LONG-STANDING RELATIONSHIPS WITH ESTEEMED CUSTOMERS, SPANNING ASIA, EUROPE, AFRICA AND THE AMERICAS, AND CONTINUED BRAND PROMINENCE.





| | | | | | |
|---------------|--------------------|---------------|---------------------|---------------------|---------------|
| 1. Honduras | 10. Bulgaria | 19. France | 28. Malaysia | 37. Romania | 46. Tunisia |
| 2. Israel | 11. Canada | 20. Germany | 29. Mexico | 38. Russia | 47. Turkey |
| 3. Algeria | 12. Chile | 21. Guatemala | 30. Morocco | 39. Singapore | 48. The UAE |
| 4. Argentina | 13. Columbia | 22. Indonesia | 31. Nepal | 40. Slovak Republic | 49. The UK |
| 5. Australia | 14. Czech Republic | 23. Iran | 32. The Netherlands | 41. South Africa | 50. Ukraine |
| 6. Bahrain | 15. Denmark | 24. Italy | 33. Peru | 42. South Korea | 51. USA |
| 7. Bangladesh | 16. Ecuador | 25. Japan | 34. The Philippines | 43. Spain | 52. Venezuela |
| 8. Belgium | 17. Egypt | 26. Jordan | 35. Poland | 44. Sri Lanka | 53. Vietnam |
| 9. Brazil | 18. El Salvador | 27. Kenya | 36. Portugal | 45. Thailand | |

CHAIRMAN'S REVIEW



We undertook multiple efficiency initiatives to significantly enhance our throughput and minimise our operating costs, which included preventive maintenance, part replacements, augmented quality check bandwidth.



138,946_{MT}

Expansion in production capacity for our value-added product Draw Texturised Yarn (DTY), compared to 126,000 MT in the previous year.



Dear Shareholders,

FY2016-17 will be remembered as one of the most eventful years in recent memory. The year saw many outlier events like the Brexit referendum and the outcome of the US Presidential elections. The global economy, during the year, recovered at a sluggish pace with international trade slowing down and concerns about the rising tide of protectionism across geographies.

India faced a relatively limited impact of the slowdown in major economies because of lower trade leverage.

However, any unexpected turn of events in geopolitics can affect the global financial market and India as well.

Despite global headwinds, India continued to be one of the fastest growing economies in the world. The year also witnessed two radical reforms (demonetisation and passage of Goods and Services Tax (GST) Bill in Parliament) initiated by the Government of India.

Both these reforms are likely to pave the way towards greater formalisation

and digitalisation of the economy for the long term. GST is India's biggest indirect tax reform since independence, and will bring about the 'one nation, one tax' framework all over the country. The rollout of GST will help as growth stimulator for the polyester industry.

India's textile industry is expected to be a USD 223-billion market by 2021. Although cotton accounts for a considerable share of India's textile industry, polyester is witnessing an unprecedented growth; and is likely to supersede cotton in future. Polyester is an integral part of everyday life. Moreover, with each passing day, polyester is finding new areas of application across various downstream industries.

During 2016-17, our total income stood at ₹ 2,729.57 crore, against ₹ 2,791.15 crore in 2015-16. The operational EBIDTA stood at ₹ 23.76 crore in 2016-17, compared to ₹ 89.94 crore in 2015-16. We reported a net loss of ₹ 84.23 crore in 2016-17, vis-a-vis net profit of ₹ 37.03 crore in 2015-16.

In FY 2016-17, we faced an acute shortage of our key raw material PTA (purified terephthalic acid), as oil refineries cut production in some of their units for various reasons. Moreover, the anti-dumping duty levied has made the import of PTA unviable for our industry.

During the year under review, we worked towards strengthening our operational efficiency, widening our product basket and growing our market prominence.

We undertook multiple efficiency initiatives to significantly enhance our throughput and minimise our operating costs, which included preventive maintenance, part replacements,

augmented quality check bandwidth. Besides, we improved our inventory control through prudent planning.

We expanded the production capacity for our value-added product Draw Texturised Yarn (DTY) from the earlier 126,000 MT to 138,946 MT. Despite industry challenges, we consistently focused on enriching our product portfolio across various segments. We are developing new products in line with diverse customer requirements.

For our domestic and international markets, we introduced Optical Bright fibre, Optical White fibre, Super High Tenacity (SHT) fibre, Optical Bright, Bright DTY yarn and Black Dope Dyed, among others. Besides, we have in our pipeline, a varied range of speciality products in yarns and fibres segments.

We are always putting concerted efforts to fortify our position in the existing and unexplored markets across India and the world. We are looking forward to venturing into new end-user segments for our comprehensive portfolio of conventional and value-added products.

Our dynamic workforce consistently works hard to improve our market share and brand strength. We have meticulously nurtured a culture of meritocracy across the organisation and encouraged transparency and knowledge share across all levels of our operating ecosystem. We provide every member an equal opportunity to contribute towards realising the organisational objectives. On the other hand, the management takes a keen interest in enhancing the capabilities of our people to make them future ready.

We also work as a conscientious corporate citizen and help communities achieve their developmental aspirations.



Despite industry challenges, we consistently focused on enriching our product portfolio across various segments. We are developing new products in line with diverse customer requirements.



We undertake multiple interventions to facilitate good healthcare services and impart education through skill development programmes. We focus on sustainable water conservation initiatives, afforestation and hygienic wastewater treatment.

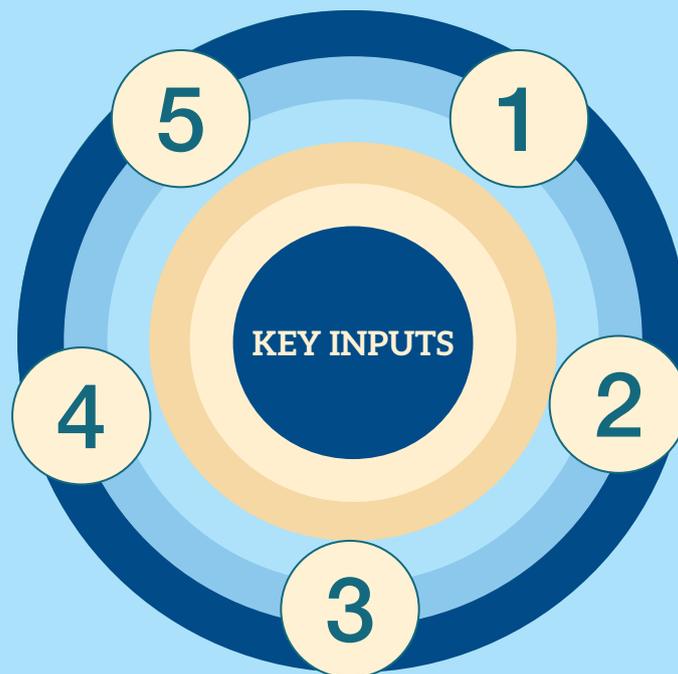
We are fully equipped to steer our way forward with focus and fortitude in a challenging operating environment and create long-term value for all stakeholders. On behalf of the Board, I want to thank our business associates, employees, shareholders and esteemed customers for their support and encouragement.

Regards,

O.P. Lohia

Chairman and Managing Director

BUSINESS MODEL



1 Resources

- ▶ Purified Terephthalic Acid (PTA)
- ▶ Mono Ethylene Glycol (MEG)

2 Financial Capital

- ▶ Equity: ₹ 151.82 crore
- ▶ Reserves: ₹ 349.88 crore
- ▶ Long-term Borrowings: ₹ 139.53 crore

3 People

- ▶ Employees
- ▶ Suppliers
- ▶ Relationships
- ▶ Capability

4 Assets

- ▶ Integrated manufacturing complex spread over 223 acres at Butibori, Nagpur

5 Framework

- ▶ Strong governance structure
- ▶ Policies to comply with all applicable laws and regulations

OUTCOMES



Customers

- ▶ We continuously seek to understand their requirements and perform our research accordingly to offer innovative products.
- ▶ We not only meet client expectations, but also exceed them.
- ▶ We interact with customers to understand their requirements, enabling us to produce bespoke products.



Shareholders

- ▶ We publish our quarterly results and press releases to make shareholders aware of our financial status and other developments in the Company.



Partners & Suppliers

- ▶ Our continuous engagement with suppliers and business partners enables seamless operations.
- ▶ With our transparent pricing policies and on-time payment, we maintain healthy relationships with our suppliers.



Communities

- ▶ We continuously engage with local communities and take various initiatives to ensure a better life for them.
- ▶ We strictly adhere to environmental standards and maintain the ecological balance.



Employees

- ▶ We identify training needs and conduct various training programmes.
- ▶ We encourage outside training activities for knowledge and skill enhancement.



Government

- ▶ We comply with all government policies.

Priorities to shape a stronger Indo Rama

EFFICIENT OPERATIONAL FRAMEWORK

WE, AT INDO RAMA, ARE STRENGTHENING OUR POSITION AS INDIA'S LEADING POLYESTER MANUFACTURER. WE IMPROVE OUR CAPABILITIES BY OPTIMISING THE UTILISATION OF OUR RESOURCES, RATIONALISING OUR COST STRUCTURE AND ENHANCING EFFICIENCIES. AT THE SAME TIME, WE ARE STEADILY REDUCING OUR WASTAGE FROM PRODUCTION.

Growing stronger

- During 2016-17, we undertook multiple process efficiency initiatives to enhance throughput and reduce operating costs.
- We continuously trained our workers to enhance their productivity and efficiency.
- We conducted preventive maintenance and part replacements for better operational efficiency.
- We enhanced our quality check bandwidth to further amplify our quality benchmarks.
- We undertook several waste reduction initiatives for better resources utilisation.
- We reduced key raw material average inventory days on account of better inventory and production planning.
- We improved on-time in full (OTIF) on account of better inventory control and planning.
- We undertook a wide range of initiatives for optimising our inward and outward logistics.
- We further improved our packaging cost through innovative ways.

Strengthening product basket

Our DTY capacity has been enhanced from 126,000 MT to 138,946 MT, enhancing the value-added product basket. Today, we have 85 DTY machines.

We are consistently growing our product portfolio to cater to a wider range of customer requirements. We introduced optical bright fibre, optical white fibre, Super High Tenacity (SHT) fibre, Bright DTY yarn and Black dope dyed, among other varieties to cater to domestic and international markets.

Future initiatives

- We have plans to enhance the product basket in the yarn segment.
- We will also enhance our speciality products in both yarns and fibres segments.
- We will strengthen the capacity utilisation of DTY facilities.
- We plan to set up a new waste recycle plant for converting wastes into marketable products.

Priorities to shape a stronger Indo Rama

ROBUST MARKETING MUSCLE

WE ARE AGILE TO EXPAND OUR PRESENCE IN THE EXISTING AND UNEXPLORED MARKETS. AT THE SAME TIME, WE ARE LEVERAGING EMERGING OPPORTUNITIES THAT ARE APPEARING ON THE HORIZON.

Reach across domestic and overseas markets

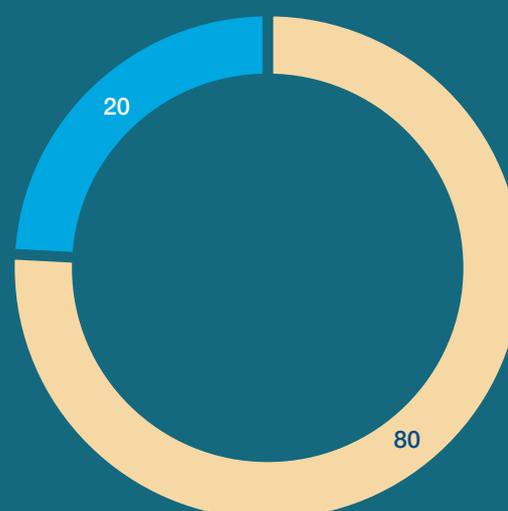
- We enhanced direct customer base; added several new customers across all product categories.
- We expanded markets for DTY products with enhanced production capacity.
- Our dynamic marketing team functions across all textile zones in India tapping emerging opportunities.
- We focused on increasing the proportion of repeat business from our existing clients.
- We grew our market for DTY significantly in South America, South Asia and Turkey.
- Our team participated in various fairs and trade fairs across the globe to engage with more customers.
- We enhanced our visibility through exhibitions in Germany, Indonesia, and Turkey, among others.

Going forward

- We are putting concerted efforts to increase our export market revenues.
- We will focus on robust market research, locate customers and find the right agents in different countries.
- Through our speciality product range, we will target new end-user segments like pillows, toys, fillings, and mattresses, among others.

BUSINESS MIX

(%)



Domestic



Export

Priorities to shape a stronger Indo Rama

ELEVATING HUMAN EXCELLENCE

OUR SUCCESS IS THE OUTCOME OF THE EFFORTS OF A DEDICATED AND DYNAMIC WORKFORCE. THEIR COMMITMENT, SKILLS AND CONSISTENT FOCUS ON INNOVATION HAVE ENABLED US TO REACH THE STATURE THAT WE HAVE ATTAINED. WE NURTURE A CULTURE OF MERITOCRACY AND PROVIDE OUR PEOPLE WITH OPPORTUNITIES TO GROW AND REALISE THEIR POTENTIAL.

WE RECOGNISE AN INDIVIDUAL'S DIVERSE EXPERTISE AND EXPERIENCE. TO MAINTAIN A HARMONIOUS ENVIRONMENT, WE ENSURE FREE FLOW OF INFORMATION ACROSS ALL LEVELS OF OUR WORKFORCE ECO-SYSTEM.

HR policies



The key principles of human resource policies include:

- Following merit-based recruitment through well-defined and systematic selection procedures to eliminate discrimination.
- Sustaining motivated and talented workforce through appropriate and fair performance evaluation, and reward and recognition systems.
- Identifying internal training needs; designing and implementing those training programmes to enhance knowledge, skills and employee attitude.
- Meeting international ISO standards.
- Planning, designing, training, equipping and motivating the staff to meet desired operating standards.

Training and development



Our management believes training and engagement of workforce is extremely important to equip them to drive the organisation's vision. We organise regular training programmes to enhance the performance and competence of our people. Our sincere efforts resulted in positive outcomes both for the organisation and employees' skill development.

In FY 2016-17, our workforce development initiatives comprised:

- Implemented an induction programme for new staff members, where they got introduced to Head of Departments (HoDs) and subsequently, to their work process.
- Conducted SAP training for new recruits on production module and material management modules.
- Arranged for a training programme on 'Power System Protection' for electrical and instrumentation staff – training schedule ran for six days where external experts trained 110 Indo Rama employees.
- Identified training needs of our people and conducted various training programmes such as Supervisor Development Programme, and Executive Development Programme, among others.
- Provided training in specialised sections like instrumentation and hydraulics, motors and bearings, and switch gears, among others.
- Encouraged our employees to engage in outside training activities related to the present job for knowledge and skill enhancement.
- Jayantk Sood, CHRO organised lectures and training programmes in plant for blue collar employees covering behaviours and personal development.

EXPANDING OUR COMMUNITY INITIATIVES

COMMUNITY COUNTS AT INDO RAMA. WE UNDERTAKE VARIOUS NEED-BASED INTERVENTIONS IN THE SPHERES OF HEALTHCARE, EDUCATION, ENERGY, WATER CONSERVATION, AND THE ENVIRONMENT.



We drive several healthcare initiatives in collaboration with local government bodies and NGOs in the vicinity of our plant. Through our various health camps and awareness programmes in FY 2016-17, we could reach out to more than 1,300 people.

Diagnostic and treatment camps: We organised several diagnostics and treatment camps at our site health centre in Nagpur throughout the year. We partnered with institutes like Shrikrishna Hrudayalaya and Critical Care Centre, Vasana Eye Care Institute, Wockhardt Hospital, Mangeshkar Hospital to conduct our health camps. Under this programme, we facilitated BP, sugar, ECG, ophthalmology, gynaecology, paediatric check-ups, after consulting specialised doctors. Besides, Spirometry tests were conducted to check for lung ailments. Besides, we organised a lecture on skincare by an eminent dermatologist. The camps benefited over 300 people.

Blood donation camp: A blood donation camp was organised at our site health centre in association with a local blood bank.

First aid awareness programme: We organised a total of 14 lectures on first aid for all our employees and contract labours.

Dengue and swine flu awareness programme: We arranged lecture programmes by Dr Bhalariao on Dengue and Swine Flu at different health centres. Around 100 people attended the lectures and made it interactive and interesting.

Programmes on HIV/AIDS: On the occasion of World AIDS Day, we organised a special prevention awareness programme for truck drivers, where we educated them on AIDS by showing them a documentary. Over 30 truckers voluntarily participated in this programme. Additionally,

we organised several HIV/AIDS camps for awareness on preventive measures and voluntary testing throughout the year.

Save the Girl Child: We conducted an awareness programme on 'Save the Girl Child' and facilitated gynaecological check-ups at Grampanchayat Bhavan Takalghat. A team of experts from Lata Mangeshkar Hospital Nagpur conducted the camp, where a lecture was delivered by Dr Kadu (Pediatrician), LMH, Nagpur. About 40 participants attended this programme and 24 patients were examined.

Asthma awareness programme: We organised an asthma awareness programme at our health centre, where doctors gave their insights on the said topic. About 40 people actively participated in this programme and over 30 participants got their pulmonary function test (PFT) done.

Yoga Shivar: We conducted a four-day Yoga Shivar, where an experienced yoga practitioner provided training. About 50 people participated in this Shivar.



Indo Rama has sharpened its focus on education over the past few years.

Vocational education: As a part of Public Private Partnership (PPP) initiative, we have signed a Memorandum of Understanding (MoU) with the Directorate of Vocational Education and Training, Maharashtra Government, for the upgradation of ITI Nagpur and ITI Butibori.

ITI upgradation: We have constituted Institute of Management Committees for each ITI, comprising members from the industry. The committee works on different aspects of ITI

upgradation, such as recommending changes in syllabus, suggesting new trades, arranging training for students and faculty, beautification of campus, organising seminars, workshops and exhibitions for students and teachers.

Energy and water conservation



We have laid down a detailed Energy Policy in 2005. We implemented 13 major energy saving projects resulting in total savings of around ₹ 1.6 crore.

Water conservation: To conserve water, we focus on the '5R Concept' – Reduction at source, Reuse, Recycling, Recovery and Rethinking alternative and improved solutions. In the last four years, we successfully reduced our specific water consumption by 24.5%

Effluents treatment: Effluents discharged from the production process were treated and recycled to achieve 'zero discharge pollution'. We also conducted various water conservation awareness programmes, through local industry associations, targeting neighbouring communities.

Eco-friendly initiatives



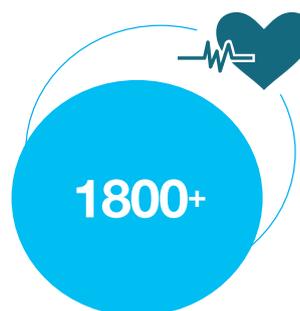
We are committed to combating environmental degradation. Different teams in our organisation have undertaken various measures to effectively control pollution at source, treatment stage, and at the disposal stage. We undertook several initiatives in FY2016-17 for the conservation of the environment:

Plantation drive on World Environment Day: On June 5 last year, on the occasion of World Environment Day, we organised a plantation drive around our plant to enhance the green coverage.

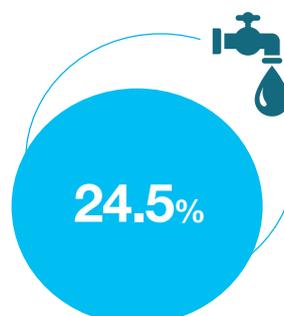
Wastewater disposal: We significantly enhanced our wastewater distribution system for recycling; and reduced wastewater disposal through Common Effluent Treatment Plant (CETP). We extensively used wastewater in sprinklers

systems to treat fly ash and increased points to suppress dust content. Also, we constructed a new drain to facilitate better drainage and avoid rain water clogging in nearby factories. By using RO plant to recycle wastewater, we successfully reduced the make-up quantity in cooling towers at Captive Power Plants (CPP). We also reduced pumping cost by using gravity channels for sewage water at staff colony and plant.

Waste disposal: Our disposal of wastage reduced significantly, compared to the previous year. Besides, we also submitted annual returns on hazardous waste to Maharashtra Pollution Control (MPC) Board, according to one of MPC Board's consent conditions.



Lives were touched by Indo Rama's healthcare programmes



Water consumption reduced by Indo Rama

BEST-IN-CLASS PRODUCTS



Polyester Staple Fibre (PSF)

- Constant on-line checks maintain consistent quality.
- Superior spin-finish application ensures smoother working of fibre during spinning.
- Merge number remains consistent over longer periods.
- Standard bale weight is maintained.



Fully Drawn Yarn (FDY)

- FDYs produced by continuous polymerisation process.
- All critical yarn properties such as tenacity, elongation, uster variation and boiling water shrinkage are closely monitored and controlled.
- Controlled interlace enables yarns to be twisted or sized in subsequent operations.



Draw Texturised Yarn (DTY)

- DTY produced in the latest high-speed draw texturising machines with identical capabilities.
- Total quality checks are done with respect to dyeability. Bulk and elongation closely monitored for consistency on captive weaving installations.
- Electronic package-size measuring units ensure uniform texturised yarn package.
- A consistent level of high-quality anti-static lubricating oils, together with an option of incorporating adequate interlacement, applied for purposes of warping without sizing.



Polyester Chips

- Produced in a continuous polyester polymerisation plant.
- Uniform chemical and physical properties.



Partially Oriented Yarn (POY)

- POY produced by continuous polymerisation process.
- Strict quality control of denier orientation and spread, along with computer-controlled draw force testing, ensures maximum consistency of yarn performance during and after texturising.
- All critical yarn proprietary – draw force, tenacity, elongation, uster and shrinkage closely monitored and controlled.
- Special proprietary spin finish protects colour and lubricity of yarn over long periods of storage.
- Controlled interlace in filaments, as well as the special finish enable yarns, to be texturised at a speed of 750 mpm and above.

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MANAGEMENT DISCUSSION AND ANALYSIS

Global economy

Weak international trade and subdued investment corroborated with socio-political tensions led to waning global economic activity. However, global growth is expected to stabilise and improve from 3.1% in 2016 to 3.5% in 2017. In the United States, manufacturing activity is likely to rebound, contributing to a mild pickup in growth. In the Euro Area and Japan, supportive monetary and fiscal policies should boost activity this year. (Source: IMF)

Global growth pattern

| | (%) | | | |
|-----------------------------------|------|------|----------|----------|
| | 2015 | 2016 | 2017 (P) | 2018 (P) |
| World Output | 3.2 | 3.1 | 3.4 | 3.6 |
| Advanced Economies | 2.1 | 1.7 | 2.0 | 2.0 |
| United States | 2.6 | 1.6 | 2.3 | 2.5 |
| Euro Area | 2.0 | 1.7 | 1.7 | 1.6 |
| Japan | 1.2 | 1.0 | 1.2 | 0.6 |
| United Kingdom | 2.2 | 1.8 | 2.0 | 1.5 |
| Other Advanced Economies* | 2.0 | 2.2 | 2.3 | 2.4 |
| Emerging and Developing Economies | 4.1 | 4.1 | 4.5 | 4.8 |
| China | 6.9 | 6.7 | 6.6 | 6.2 |

P: Projections *(Excludes the G7 - Canada, France, Germany, Italy, Japan, United Kingdom, United States and euro area countries)
(Source: International Monetary Fund)

Indian economy

India's economic fundamentals are emerging to be sturdier. India grew at a GDP of 7.1% in 2016-17, marked by increased Foreign Direct Investment, reduced inflation and interest rates, fiscal stability and favourable monsoons. Increased domestic consumption and greater digitalisation holds an optimistic outlook for the Indian economy. India's growth rate is likely to spur at 7.4% in the coming financial year.

Global growth pattern

| | (%) | | | |
|--|---------|---------|---------|---------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
| | 6.9 | 7.3 | 7.6 | 7.1 |

The domestic economy has sustained a macroeconomic environment of relatively lower inflation, fiscal stability and a moderate current account deficit coupled with a broadly stable rupee dollar exchange rate.

How demonetisation will benefit in the long-run?

- Restrict corruption and accumulation of black money
- Greater digitisation of the economy
- Improved tax obedience
- Formal channelisation of the savings system
- Greater transparency and disclosure

Forward-looking GST

- An unified tax regime
- Reinforces the indirect taxation system
- Enhances ease of doing business with transparent taxation
- Consolidates the fragmented Indian market
- Removes cascading effects of taxes
- Reduces corruption by disabling tax avoidance

4% Contribution to GDP

Textile plays a major role in the Indian economy. It contributes 14% to industrial production and 4% to GDP.

Global trade scenario

Growth in the volume of world merchandise trade is expected to rebound this year from its tepid performance in 2016, but only if the global economy recovers as expected and governments pursue the right policy mix. World merchandise trade volume is forecast to grow 2.4% in 2017, but due to a high level of uncertainty, this is placed within a range of 1.8-3.6%. (Source: WTO)

The ratio of trade growth to GDP growth fell below 1:1 in 2016, for the first time since 2001. The slowdown in emerging market economies contributed much to the sluggish rate of trade growth in 2016, but these countries are expected to return to modest growth in 2017.

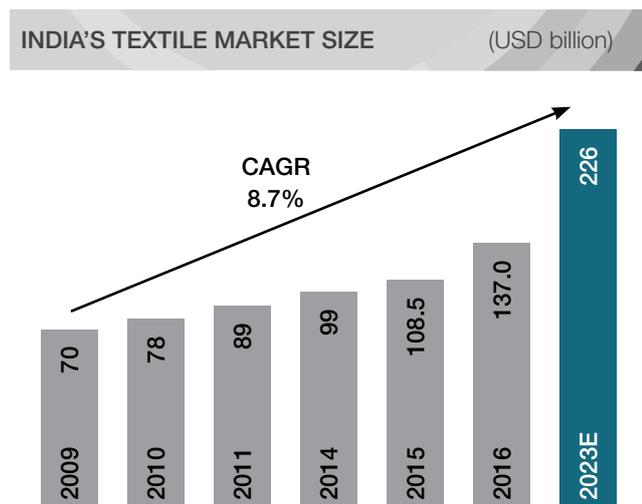
Global growth pattern

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----------------------------------|------|------|------|------|--------------------|
| Volume of world merchandise trade | 2.4 | 2.7 | 2.6 | 1.3 | 2.4 (1.8 - 3.6) |

(Source: WTO)

Indian textile industry

Textile plays a major role in the Indian economy. It contributes 14% to industrial production and 4% to GDP. With over 45 million people, the industry is one of the largest source of employment generation in the country. The industry accounts for nearly 15% of total exports. The size of India's textile market in 2016 was around USD 137 billion, which is expected to touch USD 226 billion market by 2023, growing at a CAGR of 8.7% between 2009-23E.



Source: Technopak, Make in India, News articles, Ministry of Textiles, TechSci Research

Production of man-made fibre has been growing

Production of man-made fibre has also been on an upward trend. During FY 2016-17, production of man-made fibre in India stood at 4.77 million tonnes.

Growth driver

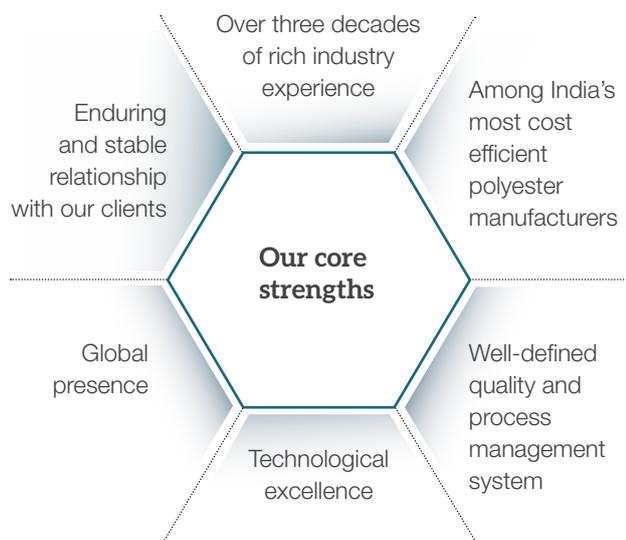
- Rising per capita income, favourable demographics and a shift in preference to branded products to boost demand
- Favourable trade policies and superior quality to drive textile exports
- Increase in domestic demand set to boost cloth production
- Rising government focus and favourable policies to support the textile industry

Indo Rama Synthetics (India) Limited (Indo Rama)

Indo Rama Synthetics (India) Ltd is India's largest dedicated polyester manufacturer. Incorporated in 1989, we have an integrated production facility in Butibori, near Nagpur, Maharashtra. Our large product gamut comprises of Polyester Stable Fibre (PSF), Polyester Filament Yarn (PFY), Draw Texturised Yarn (DTY), Fully Drawn Yarn and Textile Grade Chips.

We have an annual production capacity of supreme quality products at 6,10,050 MT. Our presence is prominent and ever-growing across major global geographies like USA, France, Germany, Turkey, Russia and Japan, among others.

We have an annual production capacity of supreme quality products at 6,10,050 MT.



Production and sales performance

| Particulars | 2015-16 | 2016-17 |
|-------------------------------|---------|---------|
| Total sales (₹ in million)* | 27,856 | 27,011 |
| Total exports (₹ in million) | 4,921 | 5,736 |
| Electrical power (MWPH) | 32.04 | 28.48 |
| Polyester Staple Fibre (TPA) | 189,670 | 169,043 |
| Polyester Filament Yarn (TPA) | 146,908 | 145,429 |
| Draw Texturised Yarn (TPA) | 84,091 | 92,468 |
| Polyester Chips (TPA) | 1,983 | 1,471 |

*Includes gross sales and other operating income

Financial performance

| Particulars | 2015-16 | 2016-17 |
|--------------------------|---------|---------|
| Total income* | 27,912 | 27,296 |
| EBIDTA | 899 | 238 |
| PBT | (960) | (1,380) |
| PAT | 370 | (842) |
| Book value per share (₹) | 39.80 | 33.05 |
| Earnings per share (₹) | 2.44 | (5.55) |

*Total income includes gross sales, operating and other income

Raw material security

The key raw materials for polyester industry are Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG). PTA and MEG, being derivatives of petrochemical industry, has a volatile pricing as any change in crude oil price affects their prices.

During 2016-17, the price of crude oil had been wobbly and varied between US\$ 42 per barrel and US\$ 55 per barrel. This led to volatility in the prices of Paraxylene (PX), PTA, as well as MEG. The price of PX varied between US\$ 795 pmt. to US\$ 917 pmt.

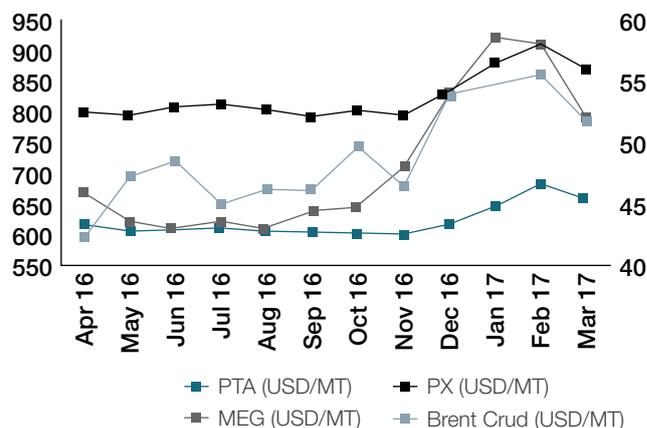
Purified terephthalic acid (PTA)

The PTA price saw fluctuations between US\$ 603 pmt to US\$ 684 pmt. Addition of capacities in China and India over last few years led to oversupply of PTA in the world market (the average PTA-PX Delta for 2016-17 was about US\$ 68 pmt). Over capacity of PTA may result into price pressure downstream. This forced many PTA manufacturers to either shut down operations or reduce operating rates.

In India, PTA supplies became scarce during 1st half of the year after both plants of Reliance Industries Limited (RIL) at Dahej went for repeated shut downs due to acute water shortage. The imposition of anti-dumping duty (ADD) on almost all PTA supplying countries by the government significantly reduced imports and made it viable only for export against advance license. Repeated technical concerns and planned shut downs of PTA manufacturing companies - RIL, Indian Oil Corporation Limited (IOCL) and planned shut-down of Materials Chemicals and Performance Intermediaries Private Limited (MCPI) in Mar'17 restrained the availability of PTA. However, the Indian market has now returned to normalcy.

Indo Rama's Captive power source enables continuous power supply for uninterrupted production. Coal based thermal power of 40.0 MW capacity and 31.08 MW FO-based DG sets are used to meet emergencies as well as to cater to additional power demand during peak hours.

PRICES OF PTA, MEG, PX & CRUDE OIL



Mono ethylene glycol (MEG)

The MEG price oscillated between US\$ 609 pmt. to US\$ 925 pmt. Plant shut-downs at SABIC, Shell Singapore and Petro Rabigh KSA, had a sliding impact on the supply of MEG. Inadequate availability of MEG plunged the Indian polyester production owing to technical glitches at the Iranian plant.

Power business

Indo Rama's Captive power source enables continuous power supply for uninterrupted production. Coal based thermal power of 40.0 MW capacity and 31.08 MW FO-based DG sets are used to meet emergencies as well as to cater to additional power demand during peak hours when the grid power is costlier than DG power. We have imported cheaper power on available opportunities and during off peak hours. The Company's combined power generation capabilities are integrated into a common power supply pool, from which the required amount of power is fed for captive power consumption. The CPP also meets steam demand of the process through extraction from turbines.

The Company continues to reduce the overall cost of the power of polyester production and subsequently, contribute to the core business profitability. The utilisation of higher gross calorific value (GCV) coal has reduced overall fuel costs.

People at Indo Rama

For a detailed response, please read the section on people practices

Risk Management

A comprehensive risk management process is indispensable for survival in today's capricious business world. With rising globalisation, we continuously evolve our risk management system. It is enabling our business to achieve its strategic objectives; and deliver sustainable, long-term growth and a commitment to responsible business practices. Our risk management system is prudently decentralised to facilitate risk mitigation at transaction levels.

We have classified various risks and their mitigation process:

| Risks | Mitigation measures |
|--|--|
| Cost Risk Cost of raw materials fluctuate as polyester making raw materials are crude oil price sensitive | <ul style="list-style-type: none"> ■ The Company procures its raw materials locally driving costs down. ■ Renegotiating with vendors and alternative sourcing of raw materials has helped the company to optimise cost of raw materials. ■ Moreover, the Company's energy audits identified key ways to save on energy costs. |
| Quality Risk A drop-in quality of products may impair the Company's image | <ul style="list-style-type: none"> ■ The Company has stout quality measures in place. ■ Its fully-equipped laboratory ensures quality of products. ■ Our strong technology backup helps in maintaining the quality. ■ The company enjoys quality certification – ISO-9001:2008. ■ Our fully-equipped quality-control laboratory with contemporary equipment ensures continuous supply of high-standard products. |
| Employee Risk Inability to attract and retain skilled workforce can have a negative impact on our growth. | <ul style="list-style-type: none"> ■ Indo Rama follows a uniform and merit-based recruitment process. It is sustained by a structured and precise selection procedure to avoid discrimination. ■ Impartial assessment process and unbiased performance appraisal help retain skilled workforce. ■ The Company encourages people with rewards and recognitions. ■ Arranging employee engagement activities to strengthen relationships and develop a pleasant work environment. |
| Technological Risk Technological obsolescence may hurt our operational performance | <ul style="list-style-type: none"> ■ We have several technical collaborations with technology leaders in Japan, Germany and USA. ■ Re-engineering and improvisation helps the organisation in optimisation. ■ Continuous investment in technology up-gradations has enabled us to stay at the cutting-edge ■ A strong team monitors the entire process to ensure stability. |
| Customer Risk Inability to reach demand pockets and not catering to evolving needs may have a detrimental effect | <ul style="list-style-type: none"> ■ We maintain a strong sales and marketing team to increase market penetration. ■ Indo Rama takes various measures to increase customer satisfaction. ■ The marketing department tries to maintain long-term relations with customers to ensure repeat business. ■ Market trends are analysed to derive demand trends for customers. |
| Competition Risk Competition from other players might affect business. | <ul style="list-style-type: none"> ■ We are widening customer base and catering to specific needs to gain customer trust ■ With an expanded value-added product portfolio, we now can address a broader client base. |
| Forex Risk Volatility in global currencies can impact profit margins. | <ul style="list-style-type: none"> ■ Maintaining an equilibrium between exports receipts and import payments, create a natural hedge against currency fluctuations affect. ■ We encourage forward contracts to safeguard against currency volatility. |

Safety, health and environment

At Indo Rama, we believe that an organisation's sustainability is directly proportional to the health, safety and environment management. We endeavour to demonstrate environmental and social responsibility at every step.

We are devoted to benefit communities – workforce, public, and environment. Our safety, health and environment objectives include complying with all applicable laws relevant to the industry. The management believes in sharing responsibility throughout the hierarchy in conforming to the existing laws. Furthermore, we believe in enriching the well-being aspects of people around our facilities.

Our management team is particularly concerned about:

Safety of our employees is our foremost priority. We abide by all statutory compliance as per Factories Act 1948, Maharashtra Factories Rules 1963 and Maharashtra Fire Prevention and Life Safety Measures Rules.

- There is a continuous effort from management of Indo Rama for creating awareness on fire and safety among employees including their family members and contractor workers.
- No major fire incidents took place in 2016-17.
- Newly approved project for DTY extension and erection was commissioned without any accident.
- Celebrated safety month (4 February to 4 March 2017) to create safety awareness. Around 450 participants participated in various 14 competitions directly where 95 prizes along with certificates distributed to encourage safety culture at work place.
- Well-defined Emergency Management Plan to tackle any major emergency inside and outside plant premises.
- Conducted mock drills on various emergency scenarios to ensure emergency alertness.
- Imparted fire and safety training to over 1200 employees including one-time contract workers.
- Conducted awareness programmes for family members of company employees on LPG, Home, Road Safety and other relevant topics.
- Extended help to nearby industries during fire emergencies by providing fire tender to extinguish the fire in 2016-17.

Health Indo Rama regularly organise health camps, as part of its health programme to help improve and maintain regional

healthcare facilities. In FY 2016-17, Indo Rama's health camps and awareness programmes touched over 1300 lives. Listed below are few key initiatives undertaken:

- Conducted several camps for diagnosing common diseases like diabetes, ophthalmological ailments, gynaecological diseases and so on in Nagpur.
- Spirometry tests were conducted free of cost to check for lung ailments and paediatricians conducted health check-ups of children.
- Arranged for medical examination of school children from class VI to class X. The programme was conducted in IRA School, Nagpur.
- Conducted a skin care session by eminent dermatologist.
- Celebrated World AIDS Day and organised numerous HIV/AIDS camps for voluntary testing throughout the year.
- A blood donation camp was organised at our site health centre.
- Steered several campaigns on Dengue, Swine flu and on the ill-effects of tobacco usage
- Organised a lecture on handling biomedical wastes in scrap yards for transporters and workers.
- Conducted a Yoga Shivar for people staying in its employee quarters.

Environment

At Indo Rama we prioritise on a green, clean and healthy environment. We adopted several measures to maintain ecological balance in and around our production facilities. The management at Indo Rama adopts vigorous practices for its solid hazardous waste management. Polymer and fibre wastes are sold to authorised parties for reuse and we ensure that hazardous wastes reach the registered recyclers.

In FY 2016-17, we engaged into the following activities to protect the environment:

- Reduced hazardous waste quantity as compared to last financial year.
- Increased waste water distribution for recycling and reduced waste water disposal through Common Effluent Treatment Plant (CETP).
- Used waste water in sprinklers systems for fly ash and suppressed dust.

- Celebrated World Environment Day on 5th June and organised plantation activity at our premises.
- Constructed new rain water drain to avoid rain water clogging in neighbouring factories.
- Recycled waste water using RO plant and converted waste water to raw water.
- Developed rain water harvesting system and recycled the same in rainy season at the CPP Plant.
- Used gravity channels for sewage water at staff colony and plant, thereby reducing pumping cost.
- Conducted internal audits of Environmental Management Systems (EMS).
- Submitted annual returns regarding hazardous waste to Maharashtra Pollution Control (MPC) Board, as per one of MPC Board consent condition.
- Submitted Environment Statement Report (Form- 'V') to MPC Board as per MPC Board consent condition.
- Certified with ISO 14001:2004 Certification till 2018 – audit fulfilled through external auditors.

Information technology (IT)

Information Technology has a crucial role in defining the business operations excellence. The increasing automation of data across locations has enabled greater work efficiency. With the government's announcement of implementation of Goods and Service Tax (GST) in July 2017, we are gearing up for GST based IT enabled systems. GST is an integrated tax regime aimed to simplify indirect taxation system, bring greater transparency and consolidation of disintegrated Indian market.

To make the platform ready for GST, there was a need to migrate from the current SAP TAXINJ to SAP TAXINN structure and with certain support pack upgrade from SAP, and the same was completed in Jan 2017. Now Indo Rama, can take on GST roll out as per solution provided by SAP.

Beside this, we are carrying out process automations in our current ERP system, like auto process order creation, auto sending of RFQ to the vendors, auto sending of vendor payment advice and debit notes to the customer.

Internal controls and their adequacy

Indo Rama has a robust internal control system in place designed to achieve efficacy of systems, processes and controls. Internal audit is carried out by an independent agency and internal enterprise risk management team. All the major areas and processes are covered in the review plan, drawn in consultation with the senior management. Standard operating procedure compliance and management-approved policies are reviewed and areas of improvement, if any, are identified. Internal audit process verifies whether all systems and processes are commensurate with the business size and structure. Adequate internal control systems safeguard the assets of the company with timely identification and intervention to assuage risks. The internal audit report is discussed with the senior management and members of Audit Committee to keep a check on the existing systems and take corrective action to further enhance the control measures.

Statutory compliance

The Chairman and Managing Director makes a declaration at each Board Meeting regarding the compliance with the provisions of various statutes, after obtaining confirmation from all the units of the company. The Company Secretary ensures compliance accordance to SEBI regulations and provisions of the Listing Regulations.

Cautionary statement

The Management of Indo Rama has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India. The Management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The Management has made these statements based on its current expectations and projections about future events. Wherever possible, it has tried to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance. Such statements, however, involve known and unknown risks, significant changes in the political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs which may actual results to differ materially. The management cannot guarantee that these forward-looking statements will be realised, although it believes that it has been prudent in making these assumptions. The Management undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

REPORT ON CORPORATE GOVERNANCE

A report on Corporate Governance is set out in Compliance with the Corporate Governance requirements as stipulated in Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Company's Philosophy on Code of Governance

Corporate Governance is an integral part of Indo Rama's value system, management ethos and business practices. The Company's corporate governance initiatives are based on:

- Commitment to excellence and customer satisfaction;
- Commitment to maximising long-term shareholder value;
- Commitment to responsible and ethical corporate conduct; and
- Concern for the environment and sustainable development.

The Company regularly evaluates and defines its management practices which are aimed at enhancing its commitment to ensure that these basic tenets of corporate governance are met. At Indo Rama, the basic Corporate Governance norms have been institutionalised as an enabling and facilitating business process at the Board, Management and Operational levels. Business practices are regularly reviewed and reaffirmed against these tenets and all steps are taken to ensure that Company operates beyond the mandatory regulatory framework of good corporate governance.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports of Indo Rama's compliance pursuant to the Listing Regulations with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), as applicable with regard to Corporate Governance.

Appropriate Governance Structure with defined Roles and Responsibilities

The Company, Indo Rama Synthetics (India) Limited (IRSL), has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has

established seven Committees to discharge its responsibilities in an effective manner. IRSL's Company Secretary acts as the Secretary to all the Committees of the Board. The Chairman and Managing Director (CMD) provide overall direction and guidance to the Board. Concurrently, the CMD is responsible for overall implementation. In the operations and functioning of the Company, the CMD is assisted by the Senior Level Executives.

Best Corporate Governance practices

IRSL maintains the highest standards of corporate governance. It is the Company's constant endeavor to adopt the best corporate governance practices keeping in view of codes of Corporate Governance. Some of the best implemented governance norms include the following:

- The Company has a designated Lead Independent Director with a defined role;
- All securities related filings with Stock Exchanges and SEBI will be reviewed every quarter by the Company's Stakeholders Relationship Committee of Directors;
- The Company has independent Board Committees for matters related to corporate governance and stakeholders' interface and nomination of Board members;
- The Company's internal audit is conducted by independent auditors.

Board of Directors

Composition of the Board, Board Meetings and Attendance

As on 31st March 2017, Indo Rama's Board comprised of seven Directors. There are two Executive Directors on the Board, including the executive Chairman. One Director is non-executive and non-independent; the remaining four Directors are non-executive Independent Directors. During 2016-17, the Board of the Company met four times on 18th May 2016; 31st August 2016; 14th November 2016 and 8th February 2017. The maximum gap between any two Board meetings was less than one hundred twenty days. Table 1 gives the attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorship and Chairmanship / Membership of Committees of each Director in various Companies:

Table 1: Composition of the Board of Directors.

| Name of the Director | DIN | Category | No. of Other Directorships ¹ | No. of Membership/ Chairmanship of Board Committees in other Companies ² | | Number of Board Meetings during the year | | Whether attended last AGM |
|---|----------|----------------------------------|---|---|----------------|--|----------|---------------------------|
| | | | | Member-ships | Chairman-ships | Held | Attended | |
| | | | | | | | | |
| Mr. Mohan Lal Lohia ³ (Chairman-Emeritus) | 00918397 | Promoter, Non-Executive Director | - | - | - | 4 | 3 | No |
| Mr. Om Prakash Lohia ³ (Chairman & Managing Director) | 00206807 | Promoter, Executive Chairman | 1 | - | - | 4 | 4 | Yes |
| Mr. Vishal Lohia ³ (Whole-time Director) | 00206458 | Executive Director | - | - | - | 4 | 4 | Yes |
| Mr. Ashok Kumar Ladha | 00089360 | Independent Director | 6 | 1 | 1 | 4 | 4 | Yes |
| Mr. Suman Jyoti Khaitan | 00023370 | Independent Director | 4 | 3 | 3 | 4 | 4 | Yes |
| Ms. Ranjana Agarwal | 03340032 | Independent Director | 4 | 2 | 3 | 4 | 4 | Yes |
| Dr. Arvind Pandalai ⁴ | 00352809 | Independent Director | - | - | - | 4 | 3 | Yes |
| Mr. Anant Kishore ⁵ | 05262142 | Executive Director | - | - | - | 4 | 1 | No |

Notes:

- The Directorships held by the Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Companies registered under Section 8 of the Companies Act, 2013 and Private Limited Companies.
- In accordance with Regulations, Chairmanships/Memberships of only Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies [excluding Indo Rama Synthetics (India) Limited] have been considered.
- Mr. Mohan Lal Lohia, Mr. Om Prakash Lohia and Mr. Vishal Lohia are related to each other.
- Dr. Arvind Pandalai appointed as an additional Director, with effect from 31st August 2016.
- Mr. Anant Kishore ceased from Whole-time Director with effect from 7th August 2016.

As detailed in the table above, none of the Directors is a member of more than 10 Board-level Committees of Public Companies in which they are neither Directors nor Chairman of more than five such Committees.

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter-alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as provided under law.

Lead Independent Director

The Company's Board of Directors has designated Mr. Ashok Kumar Ladha as the Lead Independent Director. The Lead

Independent Director's role is as follows:

- To preside over all meetings of Independent Directors;
- To ensure there is an adequate and timely flow of information to Independent Directors;
- To liaise between the Chairman and Managing Director, the Management and the Independent Directors;
- To preside over meetings of the Board and Shareholders when the Chairman and Managing Director is not present, or where he is an interested party;
- To perform such other duties as may be delegated to the Lead Independent Director by the Board/ Independent Directors.

Meetings of Independent Directors

The Company's Independent Directors are required to meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Lead Independent Director.

The Lead Independent Director takes appropriate steps to present Independent Directors' views to the Chairman and Managing Director.

During the financial year 2016-17, two meetings of the Independent Directors were held on 14th November 2016, 08th February 2017 and all the Independent Directors were present in this meeting.

Directors with Material Pecuniary or Business Relationship with the Company

As mandated by Regulations, the Independent Directors of the Company:

- are a person of integrity and possesses relevant expertise and experience;
- are not a promoter of the Company or its holding, subsidiary or associate Company;
- are not related to promoters or directors in the Company, its holding, subsidiary or associate Company;
- apart from receiving Director's remuneration (sitting fee), do not have any material pecuniary relationships or transactions with the Company, its Promoters or Directors, its Senior Management which may affect independence of these Directors;
- none of their relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, amounting to 2% or more of its gross turnover or total income or 50 lakh rupees or such higher amount as may be prescribed, whichever is lower, during the 2 immediately preceding financial years or during the current financial year;
- have not been an key managerial personnel or is or has been employee of the Company in the immediately preceding three financial years;
- are not employee or proprietor or partners or were not employee or proprietor or partners during the preceding three years of the:
 - Statutory audit firm or Company Secretary in practice or cost auditor the internal audit firm that is associated with the Company;
 - Legal/consulting firm(s) that have a material association with the Company;

- are not substantial shareholders of the Company, i.e., do not own two percent or more of the block of voting shares;
- are not a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company; and
- are not material suppliers, service providers or customers or lessors or lessees to the Company which may affect independence of the Directors.

Transactions with related parties are disclosed in Note No. 34 of the "Notes to the Financial Statement". There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or Independent Directors during the financial year 2016-17.

Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, annual operating plans and budgets, quarterly details of foreign exchange exposures, collaborations, material investment proposals in joint venture/promoted Companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations, etc., are regularly placed before the Board. This is in addition to information with regard to actual operations; major litigation feed-back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

The information as required to be placed before Board of Directors as per Code of Corporate Governance is being made available to the Board as and when applicable.

The Board of Directors of the Company is presented with detailed notes along with the agenda papers well in advance of the meetings. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances.

Familiarisation Programme for Directors

At the time of appointing a Director, a formal letter of appointment is given to him, which inter-alia explains the role, function, duties and responsibilities expected from him as a Director of the Company. The Director is also explained in details the Compliance required from him under Companies Act, 2013, Listing Regulations and other various statutes and an affirmation is obtained.

The Chairman and Managing Director also have one to one discussion with the newly appointed Director to familiarise him with the Company's operations.

Further, on an ongoing basis as a part of Agenda of Board / Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and its subsidiaries and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. The details of the Familiarisation Programme for Directors are available on the Company's website.

Compliance with the Code of Conduct

The Company's Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Code of Conduct is available on the website of the Company. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2016-17. A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of this report.

Insider Trading Code

The Securities and Exchange Board of India (SEBI) has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("The PIT Regulations"). The PIT Regulations has come into effect from 15th May 2015 and replaced the earlier Regulations. The object of the PIT Regulations is to curb the practice of insider trading in the securities of a listed Company. The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the PIT Regulations. The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations. The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code is displayed on the Company's website.

Board material distributed in advance

The agenda and notes on agenda are circulated to Directors in advance, and in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

Recording minutes of proceedings at Board and Committee Meetings

The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board/ Board Committee members for their comments. The Minutes are entered in the Minutes Book within 30 days from the conclusion of the Meetings.

Committees of the Board

Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting process with a view to ensuring accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the independent auditor, and notes the processes and safeguards employed by each. All possible measures are taken by the Committee to ensure the objectivity and independence of the independent auditor.

(a) Composition and Terms of Reference of Committee

The Board of Directors constituted an Audit Committee and the powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. As on 31st March 2017, the Audit Committee of the Company comprises of Five Directors, viz.; Mr. Ashok Kumar Ladha, Mr. Vishal Lohia, Dr. Arvind Pandalai, Ms. Ranjana Agarwal and Mr. Suman Jyoti Khaitan. Mr. Ashok Kumar Ladha, Dr. Arvind Pandalai, Mr. Suman Jyoti Khaitan and Ms. Ranjana Agarwal are Independent Directors. Mr. Ashok Kumar Ladha, Independent Director acts as Chairman of the Audit Committee. All the members are financially literate and possess the requisite financial/business acumen to specifically look into the internal controls and audit procedures. The members of the Audit Committee have discussions with the Statutory Auditors during the meetings of the committee. The quarterly/ half-yearly and un-audited/audited financial statements of the Company are reviewed by the Audit Committee before consideration and approval by the Board of Directors.

As per Regulation 18 (3) read with Part C of Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013, the Audit Committee has been entrusted with the following responsibilities:-

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;
- Reviewing 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 Companies Act, 2013;
- Reviewing changes, if any, in accounting policies and practices and reasons for the same;
- Reviewing major accounting entries involving estimates based on the exercise of judgment by management;
- Reviewing significant adjustments made in the financial statements arising out of audit findings;
- Reviewing compliance with listing and other legal requirements relating to financial statements;
- Reviewing disclosure of any related party transactions;
- Reviewing qualifications in the draft audit report;
- Reviewing with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilised 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;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- Discussion with internal auditors of any significant findings and follow-up thereon;
- 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;
- 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;
- 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;
- Review of the functioning of Whistle Blower Mechanism;
- 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;
- Review of Management Discussion and Analysis of financial condition and results of operations;
- Review Statement of significant related party transactions submitted by Management;
- Review of Management Letters/Letters of internal control weaknesses issued by the statutory auditors;
- Review of Internal Audit Reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the chief internal auditor; and
- Review of statement of deviations, if any:
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and
 - annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(b) Meetings of Audit Committee and attendance of members during the year

During the financial year 2016-17, the Audit Committee of the Company met four times on 18th May 2016; 31st August 2016; 14th November 2016 and 8th February 2017. Table 2 gives the attendance record of the members of the Audit Committee.

Table 2: Attendance record of the Audit Committee Meetings for 2016-17.

| Name of Members | Category | Status | No. of Meetings | |
|-------------------------|----------------------|----------|-------------------|----------|
| | | | Held under tenure | Attended |
| Mr. Ashok Kumar Ladha | Independent Director | Chairman | 4 | 4 |
| Mr. Vishal Lohia | Executive Director | Member | 4 | 4 |
| Mr. Suman Jyoti Khaitan | Independent Director | Member | 4 | 4 |
| Ms. Ranjana Agarwal | Independent Director | Member | 4 | 4 |
| Dr. Arvind Pandalai | Independent Director | Member | 2 | 2 |

In addition to the members of the Audit Committee, these meetings were attended by Chairman & Managing Director, President & Chief Financial Officer, Site-Head, Internal Auditor and Statutory Auditor of the Company, wherever necessary and those executives of the Company, who were considered necessary for providing inputs to the Committee.

The Company Secretary acts as the Secretary of the Audit Committee.

The Chairman of the Audit Committee Mr. Ashok Kumar Ladha attended the 30th Annual General Meeting (AGM) held on 30th September 2016 and answered the shareholders queries.

(c) Role of Internal Auditor

Indo Rama has a robust Internal Control framework, which has been instituted considering the nature, size and risk in the business. The framework comprises, inter-alia, of a well-defined organisation structure, roles and responsibilities, documented policies and procedures, etc. Information Technology policies and processes were also updated to ensure that they satisfy the current business needs. This is complemented by the management information and monitoring system, which ensures compliance to internal processes, as well as with applicable laws and regulations. The operating management is not only responsible for revenue and profitability, but also for maintaining financial discipline and hygiene.

In order to ensure efficient Internal Control systems, the Company also has a well-established independent Internal Audit function that is responsible for providing, assurance on compliance with operating systems, internal policies and legal requirements, as well as, suggesting improvements to systems and processes. The Internal Audit has a well laid down internal audit methodology, with emphasis on risk based internal audits using data analytics and tools.

The Internal Auditor prepares a rolling annual internal audit plan, comprising of operational, financial, compliance and information systems audits, covering all the locations,

operations and geographies of the Company. The audit plan for the year is reviewed and approved by the Audit Committee at the beginning of each financial year.

The Internal Audit reports on quarterly basis to the Audit Committee, the key internal audit findings, and action plan agreed with the management, the status of audits vis-à-vis the approved annual audit plan and status of open audit issues.

**Nomination and Remuneration Committee
Composition of the Committee**

The Board of Directors had constituted a Nomination and Remuneration Committee and the powers, role and terms of reference of the Committee covers the areas as contemplated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

As on 31st March 2017, Nomination and Remuneration Committee comprises of four Members, viz.; Mr. Ashok Kumar Ladha, Dr. Arvind Pandalai Mr. Suman Jyoti Khaitan and Ms. Ranjana Agarwal. Mr. Ashok Kumar Ladha is the Chairperson of this committee. All are Independent Directors.

The Nomination and Remuneration Committee has devised a policy on Board diversity in terms with the requirement under Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Chairman of the Nomination and Remuneration Committee Mr. Ashok Kumar Ladha attended the 30th Annual General Meeting (AGM) held on 30th September 2016 and answered the shareholders queries.

The Company Secretary acts as the Secretary of the Committee.

Brief description of the Terms of Reference

The Nomination and Remuneration Committee has been entrusted with the responsibilities to review and grant annual increments, vary and/or modify the terms and conditions of appointment/re-

appointment including remuneration and perquisites, commission, etc., payable to Managing Directors within the overall ceiling of remuneration as approved by the members.

The Committee noted the following terms of reference pursuant to Section 178 of the Companies Act, 2013 & Regulation 19 (4) read with Part D Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- Reviewing the overall compensation policy, service agreements and other employment: conditions of Managing/ Whole-time Directors, Key Managerial Personnel:
- to help in determining the appropriate size, diversity and composition of the Board:
- to recommend to the Board appointment/re-appointment and removal of Directors:
- to frame criteria for determining qualifications, positive attributes and Independence of Directors:
- to recommend to the Board remuneration payable to Directors, while fixing remuneration to the Executive Directors, the restriction contained in the Companies Act, 2013 is to be considered:
- to create an evaluation performance framework for Independent Directors and the Board :
- to provide necessary report to the Chairman after the evaluation process is completed by the Directors:
- Devising a Policy to diversify of Board;
- To see that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks:

- 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.

Nomination and Remuneration Policy

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. The Nomination and Remuneration Policy is available on the website of the Company.

Remuneration of Directors

Subject to the approval of the Board of Directors and subsequent approval by the Shareholders at the General Meeting and such other authorities as the case may be the remuneration of the Managing Director and Whole-time Directors of the Company is fixed by the Nomination and Remuneration Committee. The remuneration is determined considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company, etc. The remuneration structure comprises Basic Salary, commission linked to profits, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 2013.

The non-executive Directors have not drawn any remuneration from the Company except sitting fee for meetings of the Board and Committees attended by them. The Company does not have a stock option scheme for its Directors.

The remuneration paid or payable to the Directors of the Company during the year ended 31st March 2017 is set forth in Table 3 below.

Table 3: Remuneration paid or payable to Directors for 2016-17.

| | | | | | | | (₹ in Crore) |
|---|--|-------------|-------------|---------------------------------------|------------|---|--------------|
| Name of the Director | Relationship with other Directors | Salary | Perquisites | Deferred Benefits (PF and Gratuity) # | Commission | Sitting Fees for Board and Committee Meetings | Total |
| Mr. Mohan Lal Lohia (Chairman-Emeritus) | Father of Mr. Om Prakash Lohia and Grandfather of Mr. Vishal Lohia | - | - | - | - | - | - |
| Mr. Om Prakash Lohia (Chairman & Managing Director) | Son of Mr. Mohan Lal Lohia and Father of Mr. Vishal Lohia | 1.80 | 0.73 | 0.31 | - | - | 2.84 |
| Mr. Vishal Lohia (Whole-time Director) | Grandson of Mr. Mohan Lal Lohia and Son of Mr. Om Prakash Lohia | 1.02 | 0.92 | 0.17 | - | - | 2.11 |
| Mr. Anant Kishore * (Whole-time Director & CEO) | None | 0.13 | 0.17 | 0.02 | - | - | 0.32 |
| Mr. Ashok Kumar Ladha | None | - | - | - | - | 0.03 | 0.03 |
| Dr. Arvind Pandalai | None | - | - | - | - | 0.02 | 0.02 |
| Mr. Suman Jyoti Khaitan | None | - | - | - | - | 0.02 | 0.02 |
| Ms. Ranjana Agarwal | None | - | - | - | - | 0.02 | 0.02 |
| Total | | 2.95 | 1.82 | 0.50 | - | 0.09 | 5.36 |

With regard to Leave Encashment and Gratuity Fund, the amount applicable to an individual is not ascertainable and hence not indicated.

* Mr. Anant Kishore ceased from Whole-time Director with effect from 7th August 2016.

Meeting of Nomination and Remuneration Committee and attendance of members during the year

During the financial year 2016-17, the Nomination and Remuneration Committee of the Company met two times on 18th May 2016; 31st August, 2016. Table 4 gives the attendance record of the members of the Committee.

Table 4: Attendance record of the Nomination and Remuneration Committee Meetings for 2016-17.

| Name of Members | Category | Status | No. of Meetings | |
|-------------------------|----------------------|----------|-------------------|----------|
| | | | Held under tenure | Attended |
| Mr. Ashok Kumar Ladha | Independent Director | Chairman | 2 | 2 |
| Mr. Suman Jyoti Khaitan | Independent Director | Member | 2 | 2 |
| Ms. Ranjana Agarwal | Independent Director | Member | 1 | 1 |

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulation, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, 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 Chairman and Managing Director and the Non-Independent Directors were carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

Criteria for determining Independence

The Independent Director shall qualify the criteria of independence mentioned in Section 149(6) of the Companies Act, 2013 and Rules related thereto and in Regulation 16 (b) & 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Role of the Company Secretary in overall Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards,

to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

Shares held by Non-Executive Directors

Table 5: Details of the shares[§] held by the Non-Executive Directors as on 31st March 2017.

| Name of the Director | Category | Number of shares held |
|-------------------------|-----------------------------------|-----------------------|
| Mr. Mohan Lal Lohia | Promoter - Non-Executive Director | Nil |
| Mr. Ashok Kumar Ladha | Independent Director | 17,713 |
| Dr. Arvind Pandalai | Independent Director | Nil |
| Mr. Suman Jyoti Khaitan | Independent Director | Nil |
| Ms. Ranjana Agarwal | Independent Director | Nil |

§ The Company has not issued any convertible securities to any Non-Executive Director.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee is primarily responsible to review / monitors and redressal of Investors' / Shareholders' grievances.

The Stakeholders Relationship Committee's composition and the terms of reference meet with the requirements of Listing Regulations and provisions of the Companies Act, 2013.

The Stakeholders Relationship Committee comprises of three members, viz.; Mr. Ashok Kumar Ladha, Mr. Om Prakash Lohia and Mr. Vishal Lohia. Mr. Ashok Kumar Ladha is the Chairperson of this Committee. The Stakeholders Relationship Committee met four times during the year 2016-17 on 1st July 2016, 30th September 2016, 27th December 2016 and 31st March 2017. Table 6 gives the details of attendance.

Table 6: Attendance record of the Stakeholders Relationship Committee for 2016-17.

| Name of Members | Category | Status | No. of Meetings | |
|-----------------------|----------------------|----------|-------------------|----------|
| | | | Held under tenure | Attended |
| Mr. Ashok Kumar Ladha | Independent Director | Chairman | 4 | 4 |
| Mr. Om Prakash Lohia | Executive Director | Member | 4 | 4 |
| Mr. Vishal Lohia | Executive Director | Member | 4 | 3 |

Terms of Reference

The Board has clearly defined the terms of reference for this committee, which generally meets quarterly. The Committee looks into the matters of shareholders/ Investors grievances.

The Secretarial Department of the Company and Registrar and share Transfer Agent, MCS Share Transfer Agent Limited, to attend all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

The Minutes of the Stakeholders Relationship Committee Meetings are circulated to the Board and noted by the Board of Directors at the Board Meetings. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the Investors. Shareholders are requested to furnish their updated telephone numbers and e-mail addresses to facilitate prompt action.

As on 31st March 2017, no investor complaint was pending with the Company as well as Registrar and Share Transfer

Agent of the Company. Table 7 gives data on the Shareholders/ Investors complaints received and redressed during the financial year 2016-17.

Table 7: Shareholders and Investors complaint received and redressed for 2016-17.

| Total Complaints Received | Total Complaints Redressed | Pending as on 31.03.2017 |
|---------------------------|----------------------------|--------------------------|
| 10 | 10 | Nil |

Mr. Jayantk Sood, CHRO & Company Secretary is the Compliance Officer of the Company.

Banking and Finance Committee

The Banking and Finance Committee presently comprises of three Directors, viz.; Mr. Om Prakash Lohia, Mr. Ashok Kumar Ladha and Mr. Vishal Lohia. The Chairman of the Committee is appointed by voice vote at each meeting and any two members present form a quorum. The Committee is authorised to decide and oversee matters relating to banking operations and to decide the investment strategy with regard

to the available short term surplus funds with the Company as well as the borrowings from banks and financial institutions.

The Committee enjoys the delegation of the Board in matters relating to the borrowings/ placement of funds in normal and routine course of business and to change the signatories for availment of various facility from Banks/Financial Institutions, opening/modification of operation and closing of Bank accounts, grant of special/general Power of Attorney in favour of Employees of the Company from time to time in connection with the conduct of the business of the Company particularly with State/ Central Government and Quasi-Government, Bank/ financial Institutions, etc., and to grant authority to execute and sign foreign exchange contract and derivative transactions and to carry out any other duties that may be delegated to the Committee by the Board of Directors from time to time.

The other terms of reference, inter-alia, include review of capital structure, financial policies, treasury and foreign exchange risk management. During the financial year 2016-17, the Banking and Finance Committee met 6 (Six) times on 8th April 2016, 23rd May 2016, 9th June 2016, 31st August 2016, 16th December 2016 and 14th March 2017.

Allotment and Share Transfer Committee

The Company has a Committee of Directors known as the "Share Allotment and Transfer Committee" to look into and decide matters pertaining to share allotment, transfers, duplicate share certificates and related matters. As on 31st March 2017, the Committee comprises of Mr. Om Prakash Lohia, Mr. Ashok Kumar Ladha and Mr. Vishal Lohia. The Chairman is appointed by voice vote and quorum is any two members present. During 2016-17, the Share Allotment and Transfer Committee met 6 (six) times on 18th May 2016, 1st July 2016, 13rd July 2016, 26th September 2016, 14th December, 2016 and 14th March 2017.

Terms of Reference

The Board has clearly defined the terms of reference for this committee for looks into the matters of shareholders listed below:

- To approve transfer of shares and issue of duplicate/split/ consolidation/sub-division/ allotment of share certificates;
- To note Dematerialisation / Rematerialisation of shares;
- To fix record date / closure of Share Transfer books of the Company from time to time;
- To appoint representatives to attend the General Meeting of other Companies in which the Company is holding shares.

Corporate Social Responsibility Committee

The "Corporate Social Responsibility Committee" (CSR Committee) was constituted and considering the requirements of the Companies Act, 2013 relating to constitution of a Corporate Social Responsibility Committee. The CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR projects or programmes, activities undertaken by the Company.

The Committee comprises of Mr. Om Prakash Lohia, Mr. Vishal Lohia, Dr. Arvind Pandalai and Ms. Ranjana Agarwal. Mr. Om Prakash Lohia is the Chairperson of this Committee. The Company Secretary acts as the Secretary to the CSR Committee. During the financial year 2016-17, one meeting of the CSR Committee was held on 18th May 2016 and all the Members were attended this meeting.

Terms of Reference

Formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013;

- To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Prepare a transparent monitoring mechanism for ensuring implementation of the project/programmes/activities proposed to be undertaken by the Company;

The Company formulated CSR Policy, which is available on the website of the Company.

Risk Management Committee

The Risk Management Committee Comprises of four Directors, viz.; Mr. Om Prakash Lohia, Mr. Vishal Lohia, Dr. Arvind Pandalai and Ms. Ranjana Agarwal. Mr. Om Prakash Lohia is the Chairman of the Risk Management Committee and others are members. The Company Secretary acts as the Secretary of the Committee.

Subsidiary Companies

The Company does not have any material subsidiary as defined under Listing Regulation. However, the Company has formulated the material subsidiary policy and uploaded on the website of the Company.

The Company had one Subsidiary and three step-down subsidiaries during the financial year 2016-17.

During the financial year, one Subsidiary, Indo Rama Renewables Limited, and two step-down subsidiaries, Indo Rama Renewables Ramgarh Limited and Indo Rama Renewables Porbandar Limited, have amalgamated with the Company, pursuant to the Order passed by the National Company Law Tribunal, Mumbai Bench, Mumbai dated 29th March 2017.

Out of three step-down subsidiaries, one step-down subsidiary Company, Indo Rama Renewables Jath Limited, had been disposed-off to the Tata Power Renewable Energy Limited on 19th May 2016.

Affirmations and Disclosures

a) Compliances with Governance Framework

The Company is in compliance with all mandatory requirements under Listing Regulations.

b) Related Party Transactions

All transactions entered into with the related parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing regulations during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies Act, 2013. Related parties transactions have been disclosed under the Note No. 34 of significant accounting policies and notes forming part of the financial statements in accordance with "Accounting Standard 18". The statement in summary form of transactions with related parties in ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on materiality of related party transactions. The Policy is available on the website of the Company.

None of the transactions with related parties were conflict with the interest of the Company. All the transactions are in the ordinary course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

c) The details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI of any statutory

authorities, on any matter related capital markets during the last three years

The Company has complied with all requirements specified under Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

d) Vigil Mechanism / Whistle Blower Policy

The Company has established a Vigil Mechanism (Whistle Blower) Policy for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Vigil Mechanism shall provide adequate safeguards against victimisation of Director(s) / Employee(s), who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. It is affirmed that no personnel has been denied access to the Audit Committee. The detail of establishment of the vigil mechanism is available on the website of the Company.

e) Risk Management

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

f) Commodity price risks and Commodity hedging activities

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking Inventory management and proactive vendor development practices. The Company's reputation for quality, products differentiation and service, coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods.

Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

Management Discussion and Analysis

This Annual Report has a detailed chapter on Management Discussion and Analysis.

General Body Meetings

Annual General Meeting

The date, time and venue for Annual General Meetings for the last three years are given in Table 8 below.

Table 8: Details of General Meetings held during the last three years.

| Financial year | Meeting | Date | Time | Venue | Special Resolutions Passed |
|----------------|---------|---------------------|---------|--|---|
| 2015-16 | AGM | 30th September 2016 | 1:30 PM | A-31, MIDC Industrial Area, Butibori Nagpur - 441122 Maharashtra | <ol style="list-style-type: none"> Revision of remuneration of Mr. Om Prakash Lohia, Chairman and Managing Director; Re-Appointment and revision of remuneration of Mr. Vishal Lohia, Whole-time Director; To enter into related party Transactions; and To approve/issue of unsecured Non-convertible debentures on private placement. |
| 2014-15 | AGM | 30th July 2015 | 1:30 PM | A-31, MIDC Industrial Area, Butibori Nagpur - 441122 Maharashtra | <ol style="list-style-type: none"> To enter into Related Party Transactions; Ratification of Cost Auditors Remuneration; and To adopt new set of Articles of Association of the Company pursuant to the Companies Act, 2013. |
| 2013-14 | AGM | 1st August 2014 | 2:00 PM | | <ol style="list-style-type: none"> Appointment of Mr. Anant Kishore as Whole-time Director and CEO. |

Postal Ballot

Pursuant to Section 108 and other applicable provisions of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended, no Postal Ballot were held during the financial year 2016-17.

Court Convened Meeting

As per the directions of the Hon'ble High Court of Judicature at Bombay, Nagpur Bench, Nagpur, a Meeting of Equity Shareholders of the Company held on 7th January 2017, at 11:00 AM, at A-31, MIDC Industrial Area, Butibori, Nagpur-441122, Maharashtra, and passed Special Resolution for Scheme of Amalgamation of Indo Rama Renewables Limited (Transferor Company No.1), Indo Rama Renewables Ramgarh Limited (Transferor Company No. 2), Indo Rama Renewables Porbandar Limited (Transferor Company No.3) with Indo Rama Synthetics (India) Limited (Transferee Company).

e-Voting

To widen the participation of shareholders in the Company decisions pursuant to provisions of Section 108 of Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, the Company has provided e-Voting facility to its shareholders, in respect of all shareholders' resolutions to be passed at general meeting.

CEO/CFO Certification

The Chairman and Managing Director (as the CEO of the Company) and Chief Financial Officer (CFO) of the Company have certified to the Board of Directors the accuracy of financial statements and adequacy of internal controls for financial reporting purposes, as required under the Listing Regulations, for the year ended 31st March 2017.

Shareholders

Appointment / Re-appointment of Directors

Mr. Vishal Lohia is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Brief resume of Director, nature of their expertise in special functional areas and Company names in which they hold Directorships, Memberships/ Chairmanships of Board Committees and shareholding in the Company are given in the notice of the 31st Annual General Meeting.

Compliance

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the Listing Regulations.

Adoption of Non-Mandatory Requirements

Separate posts of Chairman and CEO: The Company has appointed separate persons to the post of Chairman and CEO.

Reporting of Internal Auditor: The Internal Auditors of the Company report directly to the Audit Committee.

Auditor's Certificate on Corporate Governance

The Company has obtained a Certificate from the Company Secretary in Practice regarding compliance of conditions of corporate governance, as mandated in Listing Regulations. The certificate is annexed to this Report.

Means of Communication

Quarterly results: The Company's quarterly results are published in "Mint", "Nagpur Post" and "The Indian Express" in English Language and "Loksatta" and "Mahasagar" in Marathi

Language and are displayed on its website. Hence, these are not separately sent to individual shareholders. The Company, however, furnishes the quarterly and half-yearly results on receipt of a request from any shareholder.

As per Regulation 47(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the detailed format of Quarterly/Annual Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and an Extract of the Financial Results are published in the News Papers. The full formats of the Quarterly/Annual Financial Results are also available on the Company's website and Stock Exchange websites, www.bseindia.com and www.nseindia.com.

News releases, presentations, among others: Official news releases and official media releases are sent to the Stock Exchanges.

Annual Report: The Annual Report containing, inter-alia, Audited Financial Statements, Consolidated Financial Statements, Board's Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MDA) Report forms part of the Annual Report and is displayed on the Company's website.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Media Releases, Audited/Un-audited Financial Results are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the "Listing Centre"): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Media Releases, Audited/Un-audited Financial Results are also filed electronically on the Listing Centre and Shareholding Pattern and Corporate Governance Report are filed through XBRL (eXtensible Business Reporting Language).

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the Company and online viewing by investors of actions taken on the complaint and its current status.

Designated Exclusive email-id: The Company has designated the following email-id exclusively for investor servicing: investor-relations@indorama-ind.com

General Shareholder Information

Registered Office / Registration Details

The Company's Registered Office situated at A-31, MIDC Industrial Area, Butibori, Nagpur-441122, Maharashtra. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L17124MH1986PLC166615.

Annual General Meeting

(Day, Date, Time and Venue)
Tuesday, 19th September 2017 at 1:30 PM
A-31, MIDC Industrial Area, Butibori,
Nagpur-441122, Maharashtra.

Financial Year

1st April to 31st March

Financial Calendar, 2017-18 (tentative)

| | |
|--|---------------------------------|
| 1st Quarter Results | 1st /2nd Week of August, 2017 |
| 2nd Quarter Results | 1st /2nd Week of November, 2017 |
| 3rd Quarter Results | 1st /2nd Week of February, 2018 |
| Audited Annual Accounts for the year ended 31st March 2018 | 3rd /4th Week of April, 2018 |
| Annual General Meeting | August, 2018 |

Date of Book Closure

Tuesday, 12th September 2017 to Tuesday, 19th September 2017 (both days inclusive)

Listing on Stock Exchange and Stock Codes

Equity Shares of Indo Rama Synthetics (India) Limited is listed on the following Stock Exchanges:

i) BSE Limited (BSE)

P. J. Towers, 1st Floor
Dalal Street, Mumbai-400 001
Tel.: +91 22 22721233-34
Fax: +91 22 22721919
Email: corp.relations@bseindia.com

ii) National Stock Exchange of India Ltd. (NSE)

Exchange Plaza, Bandra Kurla Complex Bandra (E),
Mumbai-400 051
Tel.: +91 22 26598100-14
Fax: +91 22 26598120
Email: cmlist@nse.co.in

The stock codes of the Company are as follows:

- BSE Limited : 500207
- National Stock Exchange of India Ltd. : INDORAMA

The ISIN number for Equity Shares of the Company on both the NSDL and CDSL is **INE 156A 01020**.

All listing and custodial fees to the Stock Exchanges and Depositories for the financial year 2016-17 have been paid to the respective institutions.

Listing of GDRs

The Company's GDRs, each comprising eight underlying shares of the Company, are listed with Luxembourg Stock Exchange at Societe de la Bourse de Luxembourg, 11, Avenue de la Porte -Neuve, L-2227 Luxembourg.

3,85,320 GDRs were outstanding as on 31st March 2017, representing 30,82,560 Equity Shares of ₹ 10/- each, constituting 2.03% of the share capital of the Company. The Company has already issued the underlying shares for GDRs which are held by the Depository, viz; The Bank of New York Mellon.

There are no convertible instruments which could result in increasing the equity capital of the Company

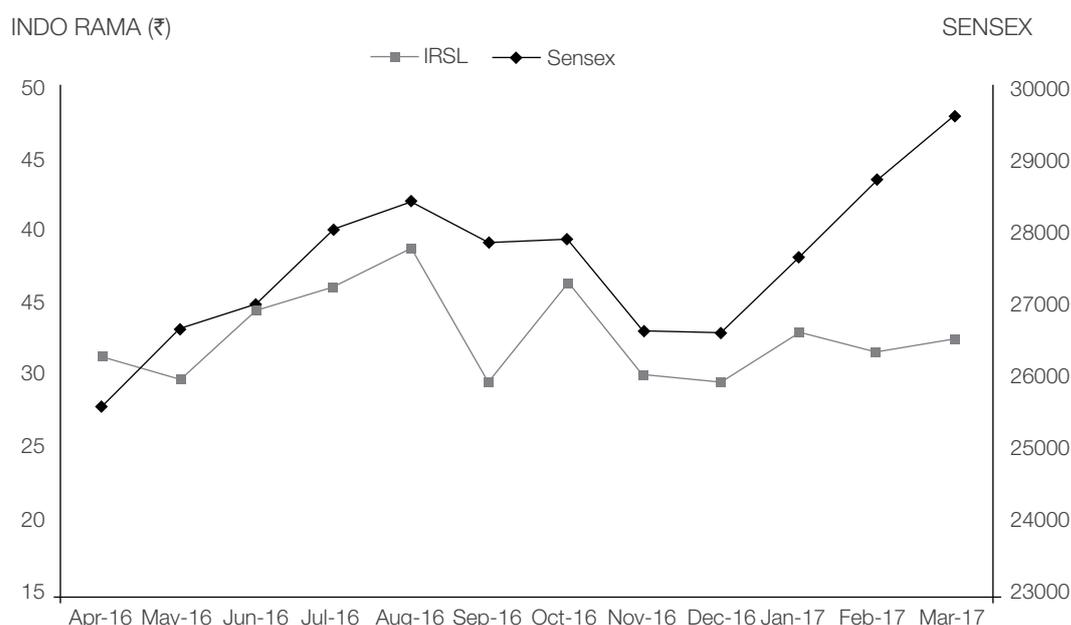
Stock Market Price Data

Table 9 below gives the monthly high and low prices of Indo Rama Synthetics (India) Limited equity shares at BSE Limited (BSE), the National Stock Exchange of India Limited (NSE) for the financial year 2016-17.

Table 9: Monthly High and Low quotations of shares traded at the BSE & NSE.

| Month | BSE Limited (BSE) | | National Stock Exchange of India Ltd. (NSE) | |
|----------------|-------------------|---------|---|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April 2016 | 35.90 | 29.00 | 36.00 | 28.55 |
| May 2016 | 35.70 | 29.50 | 35.40 | 29.55 |
| June 2016 | 35.70 | 29.25 | 35.80 | 29.25 |
| July 2016 | 38.26 | 32.50 | 38.40 | 32.50 |
| August 2016 | 42.35 | 33.30 | 42.20 | 33.25 |
| September 2016 | 37.00 | 29.00 | 36.15 | 29.00 |
| October 2016 | 40.30 | 30.40 | 40.30 | 30.05 |
| November 2016 | 39.40 | 27.05 | 39.60 | 25.70 |
| December 2016 | 33.00 | 27.75 | 33.00 | 27.20 |
| January 2017 | 36.90 | 29.50 | 36.70 | 29.60 |
| February 2017 | 38.60 | 30.80 | 38.55 | 30.50 |
| March 2017 | 34.55 | 31.00 | 34.55 | 31.00 |

Chart A: Share prices of Indo Rama versus BSE Sensex for the year ended 31st March 2017.



Note: Based on monthly closing share price on BSE (April, 2016 to March, 2017)

Registrar and Share Transfer Agent

MCS Share Transfer Agent Limited

F-65, First Floor, Okhla Industrial Area, Phase-1
New Delhi - 110 020.

Tel. No.: +91-11-4140 6149-52, Fax No.: +91-11-4170 9881

E-mail: helpdeskdelhi@mcsregistrars.com/
admin@mcsregistrars.com

Share Transfer System

The transfer of shares in physical form is processed and completed by Registrar and Share Transfer Agent within a period of fifteen days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) through respective Depository Participants.

Table 10 below gives the position of shares held in electronic form as on 31st March 2017.

Table 10: Status of Dematerialisation as on 31st March 2017.

| | | |
|-----------------------------------|-------------|----------------------------------|
| No. of Shares Dematerialised | 150,957,868 | 99.43% of total share capital |
| No. of shareholders in Demat Form | 16,222 | 73.85% of the total shareholders |

Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Company Secretary in practice conducts the Reconciliation of Share Capital Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), and the total issued and listed capital of the Company.

The Company Secretary in practice conducts such audit in every quarter and issues a Reconciliation of Share Capital Audit Certificate to this effect to the Company. A copy of such audit report is submitted to the stock exchanges, where the Company's shares are listed and is also placed before the Board.

Electronic Clearing Service (ECS) Mandate

All the shareholders are requested to update their bank account details with their respective depositories urgently. This would facilitate transfer of dividend directly to the bank account of the shareholders.

Service of documents through Electronic Mode

As a part of Green Initiatives, the members who wish to receive the notice/documents through e-mail, may kindly intimate their e-mail address to the Company's Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited.

Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 30th September 2016 (date of 30th Annual General Meeting) on the Company's website and on the website of the IEPF, viz.; www.iepf.gov.in

Pursuant to Section 125 of the Companies Act, 2013, Table 11 below details the dates of declaration of Dividend and corresponding dates when unclaimed dividends are due for transfer to Investor Education and Protection Fund (IEPF).

Table 11: Dates of dividend declaration and corresponding dates when unclaimed dividends are due for transfer to IEPF.

| Financial Year | Whether Interim / Final | Date of declaration of Dividend | Last date for transfer to IEPF |
|----------------|-------------------------|---------------------------------|--------------------------------|
| 2010-11 | Interim | 14th February 2011 | 13th March 2018 |
| 2010-11 | Final | 14th July 2011 | 13th August 2018 |
| 2011-12 | Final | 21st June 2012 | 20th July 2019 |
| 2012-13 | Final | 4th July 2013 | 3rd August 2020 |
| 2013-14 | Final | 1st August 2014 | 31st August 2021 |
| 2014-15 | Final | 30th July 2015 | 29th August 2022 |
| 2015-16 | Final | 30th September 2016 | 29th October 2023 |

Shareholders who have not so far encashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) by writing to the Company confirming non-encashment/non-receipt of dividend warrant(s).

Shareholding Pattern and Distribution of Shareholding as on 31st March 2017.

Tables 12 and 13 give the pattern of shareholding by ownership and share class respectively.

Table 12: Pattern of shareholding by ownership as on 31st March 2017.

| | No. of Equity Shares | Shareholding (%) |
|--|----------------------|------------------|
| A. PROMOTERS' HOLDING | 109,119,551 | 71.87 |
| B. NON-PROMOTERS' HOLDING | | |
| a) Banks, Financial Institutions, Insurance Companies, Central / State Govt. Institutions, Non-government Institutions | 5,548,769 | 3.65 |
| b) Foreign Institutional Investors (FIIs) | 14,123,291 | 9.31 |
| c) Foreign Direct Investment (FDI) | - | - |
| d) Mutual Funds (including UTI) | 34,634 | 0.02 |
| e) Private Corporate Bodies | 2,944,336 | 1.94 |
| f) Indian Public | 15,940,850 | 10.50 |
| g) NRIs / OCBs | 1,028,251 | 0.68 |
| h) Shares held by custodians against which Depository Receipts have been issued | 3,082,560 | 2.03 |
| Grand Total | 151,822,242 | 100.00 |

Table 13: Pattern of shareholding by share class as on 31st March 2017.

| Shareholding class | Number of shareholders | Number of shares held | Shareholding % |
|--------------------|------------------------|-----------------------|----------------|
| Up to 500 | 17,772 | 2,813,366 | 1.85 |
| 501 to 1,000 | 2,060 | 1,686,843 | 1.11 |
| 1,001 to 5,000 | 1,641 | 3,773,518 | 2.49 |
| 5,001 to 10,000 | 223 | 1,711,155 | 1.13 |
| 10,001 to 50,000 | 209 | 4,502,746 | 2.97 |
| 50,001 to 100,000 | 26 | 2,024,524 | 1.33 |
| 100,001 and above | 36 | 1,35,310,090 | 89.12 |
| Total | 21,967 | 151,822,242 | 100.00 |

Web link for various documents/policies

The Company's website contains a separate dedicated section "Investor Relations", where shareholders' information is available and Table 14 give the documents/information are linked with the website of the Company, i.e. www.indoramaindia.com.

Table 14: Documents/information are linked with the website of the Company.

| Particulars | Web link |
|---|---|
| Familiarisation programmes for Independent Directors | http://www.indoramaindia.com/policies.php |
| Code of conduct for Directors and Senior Management | http://www.indoramaindia.com/code_of_conduct.php |
| Code of Practices and Procedures for Fair Disclosure of UPSI | http://www.indoramaindia.com/policies.php |
| Nomination and Remuneration Policy | http://www.indoramaindia.com/policies.php |
| CSR Policy | http://www.indoramaindia.com/policies.php |
| Policy for determining "material" subsidiaries | http://www.indoramaindia.com/policies.php |
| Policy on dealing with related party transactions | http://www.indoramaindia.com/policies.php |
| Whistle Blower Policy / Vigil Mechanism | http://www.indoramaindia.com/policies.php |
| Quarterly/Annual Financial Results | http://www.indoramaindia.com/financial_results.php |
| Annual Report | http://www.indoramaindia.com/annual_reports.php |
| Unpaid and Unclaimed Dividend Amount | http://www.indoramaindia.com/dividend_amount.php |
| Code for Independent Directors | http://www.indoramaindia.com/policies.php |
| Policy on Archival of documents | http://www.indoramaindia.com/policies.php |
| Policy for Preservation of documents | http://www.indoramaindia.com/policies.php |
| Contact details of KMP | http://www.indoramaindia.com/policies.php |
| Policy on determination of Materiality of Events or Information | http://www.indoramaindia.com/policies.php |
| Fair Disclosure Code | http://www.indoramaindia.com/policies.php |
| Code of Conduct for Internal Procedures | http://www.indoramaindia.com/policies.php |
| Policy on Preservation on Sexual Harassment | http://www.indoramaindia.com/policies.php |
| Risk Management Policy | http://www.indoramaindia.com/policies.php |
| Performance Evaluation Policy | http://www.indoramaindia.com/policies.php |
| Policy on Diversity of Board of Directors | http://www.indoramaindia.com/policies.php |

Plant Location

The Company has its manufacturing and operating complex at:
A-31, MIDC Industrial Area, Butibori, Nagpur-441 122
Maharashtra, India
Tel. : +91-7104-663000-01
Fax. : +91-7104-663200

Compliance Officer for Investor Redressal

Mr. Jayantk Sood
CHRO & Company Secretary
Indo Rama Synthetics (India) Limited
20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002
Tel No. +91-124-4997000; Fax: +91-124-4997070
E-mail ID: investor-relations@indorama-ind.com

Address for Correspondence

| Registered Office | Corporate Office | Registrar & Share Transfer Agent |
|--------------------------------------|---|---|
| Indo Rama Synthetics (India) Limited | Indo Rama Synthetics (India) Limited | MCS Share Transfer Agent Limited |
| A-31, MIDC, Industrial Area | 20th Floor, DLF Square | F-65, First Floor |
| Butibori, Nagpur-441122 | DLF Phase - II, NH-8 | Okhla Industrial Area, Phase-1 |
| Maharashtra, India | Gurgaon-122 002, Haryana, India. | New Delhi-110 020, India |
| Tel. No.:+91-7104-663000-01 | Tel. No.:+91-124-4997000 | Tel. No.:+91-11-4140 6149-52 |
| Fax No.: +91-7104-663200 | Fax No.: +91-124-4997070 | Fax No.:+91-11-4170 9881 |
| Website: www.indoramaindia.com | E-Mail: investor-relations@indorama-ind.com | E-mail: helpdeskdelhi@mcsregistrars.com |

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:

| National Securities Depository Ltd | Central Depository Services (India) Ltd. |
|--|--|
| 4th Floor, 'A' Wing, Trade World | Phiroze Jeejeebhoy Towers |
| Kamala Mills Compound, Senapati Bapat Marg | 17th Floor, Dalal Street, Fort |
| Lower Parel, Mumbai-400013 | Mumbai-400001 |
| Telephone : +91-22-24994200 | Telephone : +91-22-22723333 |
| Fax : +91-22-24976351 | Fax : +91-22-22723199 |
| E-mail : info@nsdl.co.in | E-mail : investors@cdslindia.com |
| Website : www.nsdl.co.in | Website : www.cdslindia.com |

Declaration regarding Code of Conduct

As provided under Listing Regulations, all Board Members and Senior Management have affirmed Compliance with the Code of Conduct for the financial year 2016-17.

Place: Gurgaon
Date: 18th May 2017

Om Prakash Lohia
Chairman & Managing Director
(DIN: 00206807)

Practising Company Secretary Certificate on Corporate Governance Report

To
The Members
Indo Rama Synthetics (India) Limited

I have examined the compliance of regulations of Corporate Governance by Indo Rama Synthetics (India) Limited for the year ended 31st March, 2017 (review period), as stipulated in para C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

I 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 the affairs of the Company.

Place: New Delhi
Date: 18th May 2017

Prachi Jain
Practising Company Secretary
Certificate of Practice No.15464

CEO / CFO Certificate

To
The Board of Directors
Indo Rama Synthetics (India) Limited
CIN: L17124MH1986PLC166615
20th Floor, DLF Square
DLF Phase-II, NH-8
Gurgaon - 122 002

We, Om Prakash Lohia (DIN 00206807), Chairman & Managing Director and Sanjeev Aggarwal (ICAI M. No. 089369), President and Chief Financial Officer of Indo Rama Synthetics (India) Limited, certify that:

We have reviewed the Financial Statements and the cash flow statement of Indo Rama Synthetics (India) Limited ("The Company") for the year ended 31st March 2017, and that to the best of our knowledge and belief:

- A. That they have reviewed the Financial Statements and the cash flow statement for the year and that to the best of their 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 the existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their 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. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies;
- D. They have indicated to the Auditors and the Audit Committee -
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which they 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: Gurgaon
Date: 18th May 2017

Om Prakash Lohia
Chairman & Managing Director
(DIN: 00206807)

Sanjeev Aggarwal
President & Chief Financial Officer
(ICAI M. No.: 089369)

BOARD'S REPORT

Dear Members,

On behalf of the Board of Directors of your Company, we share with you the 31st Annual Report along with the Audited Financial Statements of your Company for the year ended 31st March 2017. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Financial Highlights

The financial performance of the Company for the year ended 31st March 2017 is summarised below:

(₹ In Crores)

| Particulars | Standalone | | Consolidated* | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Year ended | | Year ended | |
| | 31st March 2017 | 31st March 2016 | 31st March 2017 | 31st March 2016 |
| Total Income | 2729.57 | 2791.15 | 2,733.35 | 2,791.15 |
| Profit before Financial Costs, Depreciation, Foreign exchange fluctuation, Exceptional items and Tax (EBIDTA) | 23.76 | 89.94 | 27.54 | 89.94 |
| Finance Costs | 91.08 | 53.68 | 91.08 | 53.68 |
| Profit/(loss) before Depreciation, Foreign exchange fluctuation, Exceptional items and Tax (EBDTA) | (67.32) | 36.26 | (63.54) | 36.26 |
| Depreciation | 79.48 | 77.74 | 79.48 | 77.74 |
| Profit before Foreign exchange fluctuation, Exceptional items and Tax (EBTA) | (146.80) | (41.48) | (143.02) | (41.48) |
| Foreign exchange fluctuation | 13.52 | (23.62) | 13.52 | (23.62) |
| Profit / (Loss) before Exceptional items and Tax | (133.28) | (65.10) | (129.50) | (65.10) |
| Exceptional Items: | | | | |
| - Loss on account of write down on inventories | - | (26.68) | - | (26.68) |
| - Others | (4.73) | (4.23) | (4.73) | (4.23) |
| Profit / (Loss) before Tax | (138.01) | (96.01) | (134.23) | (96.01) |
| Tax (Credit) / Charge | (53.98) | (131.65) | (53.98) | (131.65) |
| Profit / (Loss) after Tax from continuing operations | (84.03) | 35.64 | (80.25) | 35.64 |
| Other comprehensive income/(expense) (net of tax) | (0.20) | 1.39 | (0.20) | 1.39 |
| Total comprehensive income / (expense) after tax | (84.23) | 37.03 | (80.45) | 37.03 |
| Profit brought forward from previous year | 207.65 | 188.89 | 205.05 | 184.35 |
| Profits available for Appropriation | 123.42 | 225.92 | 123.42 | 223.32 |
| Appropriations : | | | | |
| Dividend paid on Equity Shares pertaining to previous years | 15.18 | 15.18 | 15.18 | 15.18 |
| Tax on Dividend | 3.09 | 3.09 | 3.09 | 3.09 |
| Transfer to General Reserve | - | - | - | - |
| Surplus carried to Balance Sheet | 105.15 | 207.65 | 105.15 | 205.05 |
| Total Appropriation | - | 18.27 | - | 18.27 |

* Includes continuing operations.

2. Operational and Financial Review

On standalone basis, during the financial year 2016-17, we achieved revenue from operations of ₹ 2,701.05 crore (₹ 2,785.60 crore in 2015-16), on account of focused marketing efforts and better outreach to customers nationally and internationally. Our net loss for the year was of ₹ 84.23 crore against profit of ₹ 37.03 crore in the financial year 2015-16. Our earnings per share stood at ₹ (5.55) and book value per share at ₹ 33.05 as on 31st March 2017.

On consolidated basis, during the financial year 2016-17, we achieved revenue from operation of ₹ 2,701.05 crore (₹ 2,785.60 crore in 2015-16), on account of focused marketing efforts and better outreach to customers nationally and internationally. Our net loss for the year was of ₹ 80.45 crore against profit of ₹ 37.03 crore in the financial year 2015-16 from continuing operations. Our earnings per share from continuing operations stood at ₹ (5.30) and book value per share at ₹ 33.05 as on 31st March 2017.

Your Company focused on widening product basket, expanding market reach, cost optimisation, growing portfolio of specialty products and elevating people potential. As a result, your Company has creating a more robust business model.

The demand for man-made fibers is showing signs of improvement and we are hopeful that the demand for polyester will see revival. Polyester demand will be driven by its growing relevance in daily life across home textiles, apparel, automotive, furnishing fabrics, technical textile and non-woven segments.

Moving ahead, with rising demand in the domestic and international markets, we are hopeful that we will be able to enhance our production capacity and grow business volumes and value-added products.

3. Dividend and Reserves

In view of loss suffered by the Company, your Directors regret for their inability to recommend dividend for the year under review. No amount being transferred to the General Reserves.

4. Change in the Nature of Business

There was no change in the nature of the business of the Company and its subsidiaries during the year.

5. Material Changes and Commitments

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year as on 31st March 2017 and the date of this report, i. e., 18th May 2017.

6. Committees of the Board

The Board of Directors has the following Committees:

- i) Audit Committee;
- ii) Nomination and Remuneration Committee;
- iii) Stakeholders Relationship Committee;
- iv) Banking and Finance Committee;
- v) Allotment and Share Transfer Committee;
- vi) Corporate Social Responsibility Committee; and
- vii) Risk Management Committee.

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

7. Number of Meetings of the Board

Your Company during the financial year 2016-17 has convened and held four (4) Board Meetings. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

8. Directors' Identification Number (DIN)

The following are the Directors Identification Number (DIN) of your Directors:

| Name | DIN | Name | DIN |
|-----------------------|----------|-------------------------|----------|
| Mr. Mohan Lal Lohia | 00918397 | Dr. Arvind Pandalai | 00352809 |
| Mr. Om Prakash Lohia | 00206807 | Mr. Suman Jyoti Khaitan | 00023370 |
| Mr. Vishal Lohia | 00206458 | Mr. Anant Kishore | 05262142 |
| Mr. Ashok Kumar Ladha | 00089360 | Ms. Ranjana Agarwal | 03340032 |

9. Directors and Key Managerial Personnel

Pursuant to the provisions of Section 149 of the Companies Act, 2013, Mr. Ashok Kumar Ladha, Mr. Suman Jyoti Khaitan, Dr. Arvind Pandalai were appointed as Independent Directors at the 28th Annual General Meeting of the Company held on 1st August, 2014 and Ms. Ranjana Agarwal was appointed as Woman Independent Director at the 29th Annual General Meeting of the Company held on 30th July 2015. They have submitted a declaration that each of them meets the criteria of Independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Directors during the financial year 2016-17. The Appointment and Tenure of the Independent Directors, including code for Independent Directors are available on the website of the Company, www.indoramaindia.com.

Mr. Anant Kishore was appointed as Whole-time Director and CEO of the Company from 8th August 2013 to 7th August 2016, for a period of three years and he has completed his tenure as Director on the Board of the Company on 7th

August 2016. Henceforth, he will continue to act as CEO of the Company.

Mr. Vishal Lohia, Whole Time-Director of the Company, Retire by Rotation at the ensuing 31st Annual General Meeting and, being eligible, offers himself for re-appointment.

The details of proposal for appointment/re-appointment of Director is mentioned in the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 of the Notice of the ensuing 31st Annual General Meeting of the Company scheduled to be held on Tuesday, 19th September 2017.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fee for the purpose of attending the meetings of the Board and committees of the Board.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr. Sanjeev Aggarwal, President & CFO, Mr. Anant Kishore, CEO, Mr. Jayantk Sood, CHRO & Company Secretary. There has been no change in the Key Managerial Personnel during the financial year 2016-17.

Mr. Anant Kishore, Chief Executive Officer (CEO) of the Company, retired from the post of CEO/KMP of the Company, with effect from 7th April 2017.

10. Policy on Directors' Appointment and Remuneration

The Board has, on the recommendation of the Nomination and Remuneration Committee, laid down a Nomination and Remuneration Policy for selection and appointment of the Directors, Key Managerial Personnel and their remuneration. The Committee comprises of Four Members, viz; Mr. Ashok Kumar Ladha as Chairman, Mr. Suman Jyoti Khaitan, Dr. Arvind Pandalai and Ms. Ranjana Agarwal as Members. The Committee reviews and recommend to the Board for remuneration of the Directors and Key Managerial Personnel. The details of terms of reference of Nomination and Remuneration Committee, number and dates of meetings held, attendance of the directors and remunerations paid to them and the brief outline of the Remuneration Policy of the Company are given separately in the attached Corporate Governance Report.

The Company does not pay any remuneration to the Non-Executive/Independent Directors of the Company other than sitting fee for attending the meetings of the Board and Committees of the Board. The Executive Director(s) do not take any sitting fee for attending such meetings. The Remuneration to the Executive Directors including Chairman & Managing Director and Whole-time Director is governed by the recommendation of Nomination and Remuneration

Committee, Resolutions passed by Board of Directors and shareholders of the Company at the General Meetings and such other approvals pursuant to the provisions of the Companies Act, 2013. The Company has displayed the Nomination and Remuneration Policy on its website, www.indoramaindia.com.

11. Declaration by Independent Directors

Necessary declarations have been obtained from all the Independent Directors, meeting the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

12. Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Regulations, the Board has carried out the annual performance evaluation of its own performance of the Directors individually, as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees of the Board. At the meeting of the Board, all the relevant factors that are material for evaluation the performance of individual Directors, the Board and its various Committees, were discussed in detail and structured questionnaire each, for evaluation of the Board, its various Committee and individual Directors, was prepared and recommended to the Board by the Nomination & Remuneration Committee, for doing the required evaluation, after taking into consideration the input received from the Directors, covering various aspect of the Board's functioning, such as adequacy of the composition of the Board and its Committee, execution and performance of specific duties, obligations and governance, etc.

A separate exercise was carried out to evaluate the performance of individual Directors, including the Chairman of the Board, who was evaluated on the parameters such as level of engagement and contribution, Independence of judgement, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the chairman and non-Independent Directors were also carried out by the Independent Directors at their separate meeting. The Directors expressed their satisfaction with the evaluation process.

13. Separate Meeting of Independent Directors

In terms of the requirements under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the Listing Regulations, a separate meeting of the Independent Directors was held on 14th November, 2016 and 8th February 2017. The Independent Directors at the meeting, inter-alia, reviewed the following:-

- Performance of Non-Independent Directors and Board as a whole;

- Performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

14. Familiarisation program for Independent Directors

The familiarisation programmes to Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business mode of the Company and related matters are put up on the website of the Company, www.indoramaindia.com.

15. Directors' Responsibility Statement

Pursuant to the Section 134 (3) (c) read with Section 134(5) of the Companies Act, 2013, to the best of your Director's knowledge and ability and confirms that:

- (a) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 as on 31st March 2017 and the Profit and Loss of the Company for that year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and

Secretarial Auditors and external consultants, including audit of Internal Financial Controls over financial reporting by the Statutory Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial Controls were adequate and effective during the financial year 2016-17.

16. Particulars of Employees and Related Disclosures

The information required pursuant to Section 197(12) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report.

In terms of Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

17. Policy on Prevention of Sexual Harassment

The Company has a Policy on Prevention of Sexual Harassment of Women at Workplace and matters connected therewith or incidental thereto covering all the aspects as contain under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Policy of the Prevention of Sexual Harassment of Women at Workplace of the Company is available on the website of the Company, www.indoramaindia.com.

18. Audit Committee

The Audit Committee of the Board of Directors of the Company consisting of four members, Mr. Ashok Kumar Ladha as Chairman and Mr. Vishal Lohia, Mr. Suman Jyoti Khaitan, Dr. Arvind Pandalai and Ms. Ranjana Agarwal as Members. The Company Secretary is the Secretary of the Committee. The Managing Director, Chief Financial Officer and Auditors are permanent invitees to the Committee Meetings. The details of terms of reference of Audit Committee, number and dates of meetings held, attendance of the Directors and remunerations paid to them are given separately in the attached Corporate Governance Report. During the Financial Year there were no instances where the Board had not accepted the recommendations of the Audit Committee.

19. Vigil Mechanism / Whistle Blower

Your Company has a Vigil Mechanism/Whistle Blower Policy, pursuant to the provisions of the Companies Act, 2013, for the Directors and Employees to report their genuine concerns or grievances. The Chairman of the Audit Committee, Mr.

Ashok Kumar Ladha, will oversee the Vigil Mechanism and to ensure that adequate safeguards are provided to persons against victimisation and protected disclosures can also be reported orally by leaving voice mail on toll free number, i.e., 18001035679. The details of the Vigil Mechanism Policy is explained in the Corporate Governance Report and also posted on the website of the Company, www.indoramaindia.com.

20. Share Capital pursuant to the Scheme of Amalgamation

During the financial year under review, one wholly owned and two step-down subsidiary Companies, i.e., Indo Rama Renewables Limited, Indo Rama Renewables Ramgarh Limited and Indo Rama Renewables Porbandar Limited amalgamated with the Company pursuant to the Order passed by the National Company Law Tribunal, Mumbai Bench, Mumbai dated 29th March 2017. The Company had filed the said Order with the Ministry of Corporate Affairs on 3rd May 2017. Upon filing of the said Order the Scheme of Amalgamation has become effective from 1st April 2016 (appointed date of amalgamation).

Consequent upon the Scheme of Amalgamation, the Authorised Share Capital of your Company has increased from ₹ 1,85,00,00,000 to ₹ 2,35,10,00,000 divided into 23,51,00,000 Equity Shares of ₹ 10/- each.

Accordingly, the Clause V of the Memorandum of Association of your Company has amended, as follows:

“V. The Authorised Share Capital of the Company is ₹ 2,35,10,00,000/- (Rupees Two Hundred Thirty Five Crores and Ten Lakhs only) divided into 23,51,00,000/- (Twenty Three Crores Fifty One Lakhs) Equity Shares of ₹ 10/- (Rupees Ten) each.”

21. Conversion of Global Depository Receipts (GDRs)

9,01,000 Global Depository Receipts (GDRs) were converted into 72,08,000 Equity Shares of ₹ 10/- each on 7th February 2017 and 3,83,500 GDRs were also converted into 30,68,000 Equity Shares of ₹ 10/- each of the Company on 15th April 2017 in the name of Brookgrange Investments Limited, a Promoter Group Company.

The above converted Equity Shares were also listed at BSE Limited and National Stock Exchange of India Limited, Mumbai.

Upon conversion/cancellation of the aforesaid GDRs into Equity Shares, the remaining 1,820 GRDs are outstanding for conversion/cancellation into 14,560 underlying Equity Shares as on the date of this report.

22. Credit Rating

The Company's financial discipline and prudence is reflected in the credit ratings ascribed by CARE Ratings, CARE BB (Double BB).

23. Subsidiary Companies

The Company had one Subsidiary and three step-down subsidiaries during the financial year 2016-17.

During the financial year, one Subsidiary, Indo Rama Renewables Limited, and two step-down subsidiaries, Indo Rama Renewables Ramgarh Limited and Indo Rama Renewables Porbandar Limited, have amalgamated with the Company.

Out of three step-down subsidiaries, one step-down subsidiary Company, Indo Rama Renewables Jath Limited, had been disposed-off to the Tata Power Renewable Energy Limited on 19th May 2016.

There are no Associate Companies or Joint Venture Companies within the meaning of Section 2(6) of the Companies Act, 2013. There has been no material change in the nature of the business of the subsidiaries.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, the statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statement of the Company.

Pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

24. Related Party Transactions

Your Company has formulated a policy on related party transactions which is also available on Company's website, www.indoramaindia.com. This policy deals with the review and approval of related party transactions. The Board of Directors of the Company has approved the criteria for making the omnibus approval by the Audit Committee within the overall framework of the policy on related party transactions. The omnibus approval is required to be obtained for related party transactions which are of repetitive nature and entered in the ordinary course of business and at arm's length basis. All related party transactions are placed before the Audit Committee for review and approvals. All related party transactions entered during the financial year were in ordinary course of the business and on arm's length basis.

The details of contracts/arrangement with the related parties are appearing under Note No.34 in the Standalone and Consolidated Financial Statements and forms part of this Board's Report. The particulars of contracts or arrangements with related parties prepared under Section 188(1) of Companies Act, 2013 read with Rule 8 (2) of Companies (Accounts) Rule, 2014 is annexed with this Report in Form **AOC-2**, as **Annexure - 1**.

All the Related Party Transactions were placed before the Audit Committee and Board of Directors for approvals.

25. Statutory Auditors

M/s B S R and Associates, Chartered Accountants (ICAI Firm Registration No. 128901W), were appointed as Statutory Auditors of the Company at the 28th Annual General Meeting of the Company held on 1st August 2014, who shall hold office till the conclusion of 31st Annual General Meeting of the Company in accordance with the provisions of the Companies Act, 2013. However, this appointment was subject to ratification by the members at every Annual General Meeting held after appointment during their tenure of office. The Auditors have confirmed their eligibility and qualification under Section 141 of the Companies Act, 2013 and therefore, their ratification for appointment as Statutory Auditors for the year 2017-18 is being sought from the Members of the Company at the 31st Annual General Meeting. As regards the comments in the Auditors' Report, the relevant notes in the Accounts are self-explanatory and may be treated as information/explanation submitted by the Board as contemplated under provisions of the Companies Act, 2013.

With regard to the observations made by the Auditors' in paragraph 4(i) and 4(ii) of the Standalone, and 5(i) and 5(ii) of Consolidated financial statements, we would like to inform that:

- i) the Company is of the view on paragraph 4(i) of Standalone and 5(i) of Consolidated financial statements, that it has taken several initiatives to improve its operational performance in terms of specialty products, higher capacity utilisation, cost control initiatives, improved liquidity plans and addition of new customers. Based on the above the Company believes that the profitability will improve over the next few years. The Company is confident that the deferred tax assets carried at the end of the period is fully recoverable; and
- ii) in respect of paragraph 4(ii) of Standalone and 5(ii) of Consolidated financial statements, on the basis of legal advice the amounts recognised are fully recoverable.

26. Cost Auditors

Your Company pursuant to a directive of the Central Government is required to conduct (Cost Records and Audits) in respect of its Polyester Operations every year until further notice and as per Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audits) Rules, 2014 as amended and on the recommendation of the Audit Committee, the Board of Directors were appointed M/s Balaji & Associates, Cost Accountants, (Firm Registration No.000112), to carry out the audit of cost records maintained by the Company for the financial year 2016-17.

The Company has received consent from M/s Balaji & Associates, Cost Accountants, for re-appointment as Cost Auditors for the financial year 2017-18 in accordance with the applicable provisions of the Companies Act, 2013 and Rules framed thereunder. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of the Audit Committee and the requisite resolution for ratification of remuneration of Cost Auditors by the members has been set out in the notice of 31st Annual General Meeting of your Company.

27. Internal Auditor

The Board had appointed M/s S S Kothari Mehta & Co., Chartered Accountants, (Firm Registration No. 000756N), as Internal Auditor of your Company, on the recommendation of the Audit Committee for the financial years 2017-18 and 2018-19.

28. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has Appointed M/s Sanjay Grover & Associates, Company Secretaries, (Membership No. FCS 4223 and CP No. 3850), to undertake the Secretarial Audit of the Company for the financial year 2017-18.

The Secretarial Audit report, for the financial year 2016-17 is annexed herewith marked as **Annexure - 2** to this Board's Report. The Secretarial Audit Report does not contain any adverse qualification, reservation or remark.

29. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The information required pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are set out in the **Annexure - 3** forming part of this Board's Report.

30. Public Deposits

During the Financial Year 2016-17, the Company has not accepted and deposit from the public and as such, there are no outstanding deposits in term of the Companies (Acceptance of Deposits) Rules, 2014.

31. Significant and Material Orders passed by the Regulators

There were no significant and material orders passed by regulators/ courts or tribunals impacting the going concern status and Company's operations in future.

32. Internal Control Systems and their Adequacy

The Company has in place Internal Control System designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. Self-certification exercise is also conducted by which senior management certifies effectiveness of the internal control system of the Company. Internal Audit has been conducted throughout the organisation by qualified outside Internal Auditors. The findings of the internal Audit Report are reviewed by the top Management and by the Audit Committee of the Board and proper follow-up action are ensured wherever required. The Statutory Auditors have evaluated the internal financial controls framework of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

33. Particulars of Loans, Guarantee or Investments

The Particulars of Loans, Guarantees and Investments have been disclosed under Note No. 38 in the Standalone Financial Statements, for the financial year 2016-17.

34. Risk Management Policy

The Board of Directors has constituted Risk Management Committee to identify elements of risk in different areas of operations and develop policy for actions associated to mitigate the risks. It regularly analyses and takes corrective actions for managing / mitigating the same. Your Company's Risk Management framework ensures compliance with the provisions of the Listing Regulations.

Your Company has institutionalised the process for identifying, minimising and mitigating risks which is periodically reviewed. Some of the risks identified and been acted upon by your Company are securing critical resources; ensuring sustainable plant operations; ensuring cost competitiveness including logistics; completion of CAPEX; maintaining and enhancing customer service standards and resolving environmental and safety related issues.

35. Corporate Social Responsibility (CSR) Committee

Your Company aims to remain essential to the society with its social responsibility, strongly connected with the principle of sustainability, an organisation based not only on financial factors, but also on social and environmental consequences.

As required under Section 135 of the Companies Act, 2013, the CSR Committee comprising of Mr. Om Prakash Lohia as the Chairman, Mr. Vishal Lohia, Dr. Arvind Pandalai and Ms. Ranjana Agarwal are Members. The CSR Committee of the Company has laid down the policy to meet the Corporate Social Responsibility. The CSR Policy includes any activity that may be prescribed as CSR activity as per the Rules of the Companies Act, 2013. The main focus areas taken in the policy are Education, Health Care and Family Welfare, Environmental Safety, contribution to any relief fund setup by the Government of India and any State Government.

Due to the average net profit for the last three financial years are being negative, your Company not allocated/required to spend any amount on the CSR activities during the year under review.

However, your Company contributed amounting to ₹ 19,85,268/- (Rupees Nineteen Lakhs Eighty Five Thousand Two Hundred Sixty Eight only) for various CSR activities under taken by the Company during the financial year 2016-17.

The CSR Committee met once during the year to review the Corporate Social Responsibility Policy. The details of amount spent on CSR activities and projects undertaken during the year are given in the **Annexure - 4** to the Board's Report.

The detailed CSR policy of the Company is also available on the website of the Company, www.indoramaindia.com.

36. Listing

The listing fees to the Stock Exchanges for the financial year 2017-18 have been paid.

37. Corporate Governance

Your Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. Your Company has also implemented several best corporate governance practices. The Report on Corporate Governance as stipulated under Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms integral part of this Annual Report.

The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate

governance as stipulated under the aforesaid Regulations is attached to the Report on Corporate Governance.

38. Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations with the Stock Exchanges, is presented in a separate chapter forming part of this Annual Report.

39. Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 125 of the Companies Act, 2013, relevant amounts, which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund (IEPF).

Pursuant to the provisions of Investor Education and Protection Fund, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on 30th September 2016 (date of last Annual General Meeting) on the Company's website, www.indoramaindia.com and also on the Ministry of Corporate Affairs' website, viz; www.iepf.gov.in.

40. Industrial Relations / Human Resources

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the year under report. Your Company firmly believes that a dedicated workforce

constitute the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the staff and workforce of your Company. There are 751 numbers of employees of the Company as on 31st March 2017.

41. Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed as **Annexure - 5** to this report.

42. Acknowledgements

Your Directors would like to express their appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director
(DIN: 00206807)

Place: Gurgaon

Date: 18 May 2017

ANNEXURE - 1 TO THE BOARD'S REPORT

Form No. AOC - 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 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.

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

| Sl. No. | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of contracts/ arrangements/ transactions | Salient terms of the contracts/ arrangements/ transactions including the value, if any | Justification for entering into contracts/ arrangements/ transactions | Date(s) of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in general meeting (u/s 188) |
|----------------|---|---|---|--|---|----------------------------------|---------------------------------|--|
| Not Applicable | | | | | | | | |

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

| Sl. No. | Name(s) of the Related Party and nature of Relationship | Nature of Contracts/ Arrangements/ Transactions | Duration of the Contracts/ Arrangements/ Transactions | Main terms of the Contracts/ Arrangements/ Transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---------|---|---|---|---|--|---------------------------------|
| 1 | Wearit Global Limited, Relative | Buying PTA | General | 7.07 | 14-Nov-16 | - |
| 2 | Wearit Global Limited, Relative | Buying PTA | General | 13.25 | 08-Feb-17 | - |
| | | Sub-Total PTA (A) | | 20.31 | | |
| 3 | Wearit Global Limited, Relative | Buying MEG | General | 55.33 | 31-Aug-16 | - |
| 4 | Wearit Global Limited, Relative | Buying MEG | General | 21.96 | 14-Nov-16 | - |
| 5 | Wearit Global Limited, Relative | Buying MEG | General | 14.20 | 08-Feb-17 | - |
| 6 | Wearit Global Limited, Relative | Buying MEG | General | 50.60 | 18-May-17 | - |
| | | Sub-Total MEG (B) | | 142.10 | | |
| 7 | Wearit Global Limited, Relative | Sale of PSF | General | 38.19 | 31-Aug-16 | - |
| 8 | Wearit Global Limited, Relative | Sale of PSF | General | 38.00 | 14-Nov-16 | - |
| 9 | Wearit Global Limited, Relative | Sale of PSF | General | 33.65 | 08-Feb-17 | - |
| 10 | Wearit Global Limited, Relative | Sale of PSF | General | 11.26 | 18-May-17 | - |
| 11 | Dhanterash Sale Pvt. Limited, Relative | Sale of PSF | General | 16.01 | 31-Aug-16 | - |
| 12 | Dhanterash Sale Pvt. Limited, Relative | Sale of PSF | General | 5.41 | 14-Nov-16 | - |
| | | Sub-Total PSF (C) | | 142.51 | | |
| | | Grand Total (A+B+C) | | 304.92 | | |

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman & Managing Director
(DIN: 00206807)

Place: Gurgaon
Date: 18th May 2017

ANNEXURE - 2 TO THE BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended 31st 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
M/s Indo Rama Synthetics (India) Limited
Regd. Office.: A-31, MIDC Industrial Area
Butibori, Nagpur-441122
Maharashtra

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Indo Rama Synthetics (India) Limited, (hereinafter called "the Company"). The 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.

Based on our verification of the Company's 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 authorised 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 31st March 2017 ("Audit period") 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 31st March 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) 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 (No event took place under this Regulation during the Audit period);
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (No event took place under this Regulation during the Audit period);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (No event took place under this Regulation during the Audit period);
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (No event took place under this Regulation during the Audit period); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (No event took place under this Regulation during the Audit period);

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

- I. Secretarial Standards issued by The Institute of Company Secretaries of India on Board Meetings (SS-1) and General Meetings (SS-2);
- II. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under audit, the Company has complied with the provisions of the Act, Rules, Regulations, Standards,

to the extent applicable, as mentioned above except as given hereunder:-

- a) The managerial remuneration has been paid/ provided in accordance with the provisions of section 197 read with Schedule V of the Companies Act, 2013 except ₹ 4.81 crore which has been paid as Managerial Remuneration by the Company to two of its Managerial Personnel (Managing Director and Whole Time Director) for services rendered subsequent to remuneration period approved by the Central Government vide approval SRN B61072120/4/2013-CL.VII and B75482356/4/2013-CL.VII, respectively. However, the Company has filed necessary applications for the approval of the same with the Ministry of Corporate Affairs (MCA) and the Company is awaiting for approval of the same from the MCA.
- vi. The Company is engaged in the business of manufacturing of Polyester and its manufacturing plant is located at A-31, MIDC Industrial Area, Butibori, Nagpur-441122, Maharashtra. The following laws are the specific laws, specifically applicable to the Company as informed by the management of the Company, during the period under audit.
 - a. The Indian Electricity Act, 2003 and Rules/regulations Made thereunder;

(The Company has its own thermal plant having the capacity of 40 MW commissioned in its manufacturing plant A-31, MIDC Industrial Area, Butibori, Nagpur-441122, Maharashtra)
 - b. Indian Boilers Act, 1923 and Rules/regulations made thereunder;
 - c. Indian Explosive Act , 1884 Rules/regulations made thereunder

We have checked and verified, on test basis, the compliance management system of the company to obtain the reasonable assurance about the adequacy of systems in place to ensure compliance of the above said specific applicable laws. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

We further report that-

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors, Independent Directors and Women Director. 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 however during the

period under review from 20th February 2016 to 31st August 2016, the number of required independent directors had come down from requisite number of four to three consequent upon the resignation of Dr. Arvind Pandalai on 20th February 2016 and the vacancy caused as such should have been filled within three months from the date of resignation.

Adequate notice has been 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as per the minutes, as recorded and signed by the Chairman, of the meeting of the Board of Directors or of respective committees of the Board, therefore no dissenting views were required to be recorded as part of 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 in respect of applicable laws (as mentioned hereinabove in preceding paragraphs and also in respect of applicable Labour and Environmental laws), rules, regulations and guidelines.

We further report that during the audit period, the Company has undertaken the following activities having a major bearing on the Company's Affairs in pursuance of the above referred laws , rules, regulations, guidelines, standards, etc.:-

- I. Amalgamations of one subsidiary Company and two step down subsidiaries with the Company pursuant to the order of the National Company Law Tribunal, Mumbai Bench.
- II. Issue of unsecured non-convertible debenture for ₹ 35 crore to the wholly owned subsidiary.
- III. Disposal of wholly owned step down subsidiary namely Indo Rama Renewable Jath Limited (100% Subsidiary of Indo Rama Renewable Limited which is subsidiary of the Company).
- IV. The conversion of 9,01,000 (Nine Lakh One Thousand) Global Depository Receipts (GDRs) into 72,08,000 (Seventy Two Lakh Eight Thousand) Equity Shares of ₹ 10 each.

For **Dhananjay Shukla & Associates**
Company Secretaries

Dhananjay Shukla

Place: Gurgaon

Proprietor

Date: 18th May 2017

FCS-5886, CP No. 8271

This report is to be read with our letter of even date which is annexed as 'Annexure – A' and forms integral part of this report.

Enclosure: Annexure-A

'Annexure-A'

To
The Members
M/s Indo Rama Synthetics (India) Limited
Regd. Office.: A-31, MIDC Industrial Area
Butibori, Nagpur-441122
Maharashtra

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 check 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 **Dhananjay Shukla & Associates**
Company Secretaries

Dhananjay Shukla

Proprietor

FCS-5886, CP No. 8271

Place: Gurgaon

Date: 18th May 2017

ANNEXURE - 3 TO THE BOARD'S REPORT

Particulars required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the financial year ended 31st March 2017.

A. Conservation of Energy:

Energy Saving measures taken and proposals under implementation.

1. HV variable frequency drive (VFD) installed for boiler feed pumps (BFPs) at CPP for energy saving. With installation of VFD the auxiliary power consumption reduced by 165 Kwh;
2. Replacement of HP to air compressor to LP to achieve savings in power consumption by 24%;
3. Heat Energy saving by using Plant 1 PSF vent flash steam of low pressure in CFHTM to heat boiler feed water;
4. TEG Intermediate tank cleaning process equipment. Power consumption reduced by 33%;
5. Reflex water pump in CP 4/5 HTM plant replaced by Multistage vertical pump target reduce motor KW power by 7.5 KW;
6. Insulation Audit by thermography camera in All CP & PSF;
7. Energy saving by conversion of two LP Steam boilers to HP Boiler for 26 Kg/cm²;
8. Stoppage of Chlorination plant water supply after modification of pumping resulted in energy saving;
9. Second phase of replacement of conventional to LED lights;
10. PSF drawline drives modification to reduce specific power consumption by 50%.

FORM - A

Form for disclosure of particulars with respect to Conservation of Energy.

| Particulars | Current Year 31st March 2017 | Previous Year 31st March 2016 |
|---|---------------------------------|----------------------------------|
| (A) POWER & FUEL CONSUMPTION | | |
| 1) ELECTRICAL | | |
| a) Purchases from MSEDCCL & Other | | |
| Units (kwh in '000) | 53,866 | 14,304 |
| Total Amount (₹ in '000) | 251,217 | 68,970 |
| Rate / kwh (in ₹) | 4.66 | 4.82 |
| b) Generation for own consumption (Net of power sale including auxiliary consumption) | | |
| i) Through DG (FO Based) | | |
| Units (kwh in '000) | 5,588 | 6,884 |
| Units / Ltr of FO | 4.12 | 4.06 |
| Cost / Unit (₹ / Unit) | 4.90 | 5.05 |
| ii) Through STG (Coal based) | | |
| Units (kwh in '000) | 243,936 | 274,264 |
| Units / kg of Coal | 0.97 | 1.05 |
| Cost / Unit (₹ / Unit) | 3.59 | 3.18 |
| 2) COAL | | |
| i) Consumed in CPP Quantity in MT | 298,865 | 292,835 |
| Total Cost (₹ in ' 000) | 1,043,126 | 982,735 |
| Average Rate (₹ / MT) | 3,490 | 3,356 |
| ii) Consumed in Utility Quantity in MT | 146,131 | 134,415 |
| Total Cost (₹ in ' 000) | 510,039 | 451,087 |

| Particulars | Current Year | Previous Year |
|---|-----------------|-----------------|
| | 31st March 2017 | 31st March 2016 |
| Average Rate (₹ / MT) | 3,490 | 3,356 |
| 3) FURNACE OIL | | |
| Quantity (KL) | 3,280 | 2,570 |
| Total Cost (₹ in ' 000) | 66,254 | 52,762 |
| Average Rate (₹ / Lt) | 20.20 | 20.53 |
| (B) CONSUMPTION PER UNIT OF PRODUCTION | | |
| Production of Polymer products (Fresh) - MT | 408,745 | 422,758 |
| Electricity / Kg (in kwh) | 0.74 | 0.70 |

Previous year figures are regrouped to make them comparable.

B. Technology Absorption:

- Hollow Conjugate Fibre technology established successfully;
- POY/Fibre technology successfully established for specialty grades, viz.; Black, Bright and OPW;
- High Tenacity Fibre technology in OPW range of products.
Form for disclosure of particulars with respect to technology absorption (Form-B).

Research & Development

1. Specific Areas in which R&D carried out by the Company:

(Product Development & Process Improvement Areas)

- Development of Hollow Conjugate (Siliconised and non siliconised) Fibre;
- Specialty products in PSF - Bright PSF, Optical Bright and Black PSF;
- Specialty Products in POY by injection route -Full Dull, Home Bright Trilobal POY/FDY and Black;
- Development of new DTY Products – 100/48 SIM IH, 230/144 IM stretch, 340/72 IM Stretch, 80/34 LIM for Dye tube, 101/34 NIM;
- Alternate Gear Pump for Oligomer service in continuous Polymer section for reliability and cost saving;
- Polymer Melt transmitter with alternate technology to reduce effective cost of sensor.

2. Benefit derived as a result of above Product development and process improvement:

- Enhancement of product Basket in POY / PSF and DTY – Black, Optical White / Bright quality;
- Cost saving and reliability enhancement on engineering aspects.

3. Import Substitution:

Indigenous Development:

- Developed alternate technology inverters to replace inverters in POY Spinning;
- Developed Denier testing machine parts for PSF Quality checks;
- Special Heavy Duty Cylinders for Crimper Unit in PSF;
- Sourcing and development of Automation components, against obsolete models of existing systems;
- New Gear Boxes for Polymer Booster Pump from alternate source;
- Mechanical Seals for Bead Mill in polymerisation section;
- Flat ribbon cables with special adaptors and sensors for Winders;
- Burner Insert for Heat Transfer Media heaters developed locally.

4. Future Plan of Action (2017-18):

- 1) Off grade condenser for Drawline 4/5 in place of blower system;
- 2) Improved TOV meter for reliability of Polymerisation section;
- 3) CP-2/3 packing system Doffer automation, Server & PLC up-gradation;
- 4) Development of Modern DCS system to overcome obsolesces;
- 5) Replacement of balance lights, in the plant complex with LED covering Plant and Street Lights.

5. Expenditure on Research & Development:

- Capital (₹ in '000) - Nil
- Recurring - Nil
- Total - Nil
- Total R & D expenditure as % of Turnover - Nil

6. Technology Absorption, Adoption and Innovation:

- Bead Mill Spares developed from alternate source.

7. Benefits derived as a result of above efforts:

- Substitution of Maintenance spares with low cost sourcing;
- Reliable process control;
- Kuka robotics modification helped in packing of 8 layers;
- Trial and process optimisation for use of new make PTA has developed new vendor for PTA;
- Reuse of recycled pallets has given saving of ₹ 0.025 million;
- Increase in FDY spool package has given saving of ₹ 0.183 million;
- Optimisation of Steam condensate recovery in PSF has saved ₹ 0.077 million;
- Modification in PSF Quench system has saved ₹ 0.043 million;
- DTY packing optimisation has resulted in saving of ₹ 0.48 million;
- Supply of low pressure Intermingling air has given saving of ₹ 0.91 million;
- Modification and provision to start 4MW DG from 46 engine air bottle has saved ₹ 0.021 million;
- Energy saving in condensate extraction pump has saved ₹ 0.59 Million.

C. Foreign Exchange Earnings and Outgo of the Company:

Earnings in Foreign Currency (accrual basis)

| Particulars | (₹ in crore) | |
|---|---------------|---------------|
| | 2016-17 | 2015-16 |
| F.O.B. value of exports | 488.46 | 388.02 |
| Dividend | - | 0.60 |
| Sale of current investments (Gross consideration) | - | 28.98 |
| Total | 488.46 | 417.60 |

CIF value of imports

| Particulars | (₹ in crore) | |
|-------------------|---------------|---------------|
| | 2016-17 | 2015-16 |
| Raw materials | 325.96 | 653.60 |
| Packing material | - | 1.01 |
| Stores and spares | 3.69 | 5.89 |
| Capital goods | 1.38 | 20.58 |
| Total | 331.03 | 681.08 |

Expenditure in Foreign Currency (accrual basis)

| Particulars | (₹ in crore) | |
|--------------|--------------|-------------|
| | 2016-17 | 2015-16 |
| Travelling | 1.29 | 1.59 |
| Commission | 2.84 | 2.34 |
| Interest | 3.08 | 3.00 |
| Others | 1.27 | 1.38 |
| Total | 8.48 | 8.31 |

Net dividend remitted in Foreign Exchange*

| Particulars | (₹ in crore) | |
|--|--------------------------------------|--------------------------------------|
| | 2016-17 | 2015-16 |
| Period to which dividend relates to | 1st April 2015 to 31st March 2016 | 1st April 2014 to 31st March 2015 |
| - Number of Non-Resident Shareholders (Nos.) | 1 | 2 |
| - Number of Equity Shares held on which dividend was due (Nos.) | 43,288,057 | 43,620,465 |
| - Amount remitted USD 648,655 (Previous year USD 653,980) (₹ in crore) | 4.33 | 4.36 |

*Excluding dividend credited to FCNR/ NRE accounts in India of Non-Resident Indians and also payments of dividend to Foreign Institutional Investors on repatriation basis.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman & Managing Director

(DIN 00206807)

Place: Gurgaon

Date: 18th May 2017

ANNEXURE - 4 TO THE BOARD'S REPORT

DETAILS OF CSR EXPENSES DURING THE FINANCIAL YEAR 2016-17

(₹ in crore)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---------|--------------------------------------|---|--|--|---|--|---|
| Sl. No. | CSR project of activities identified | Sector in which the Project is covered | Projects or programs 1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) or project or programs wise | 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 | Promotion of Education | Education | New Delhi | 0.15 | 0.15 | 0.15 | Direct |
| 2 | Health Care | Eye donation and Health care of deprived children | New Delhi | 0.05 | 0.05 | 0.05 | Direct |
| | | Total | | 0.20 | 0.20 | 0.20 | |

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Place: Gurgaon
Date: 18th May 2017

Om Prakash Lohia
Chairman & Managing Director
(DIN 00206807)

ANNEXURE - 5 TO THE BOARD'S REPORT**Form No. MGT 9****EXTRACT OF ANNUAL RETURN**

As on the Financial Year ended 31st March, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management & Administration) Rules, 2014

| I. REGISTRATION & OTHER DETAILS | |
|---|--|
| i) CIN | L17124MH1986PLC166615 |
| ii) Registration Date | 28th April, 1986 |
| iii) Name of the Company | Indo Rama Synthetics (India) Limited |
| iv) Category / Sub-category of the Company | Public Company / Limited by shares |
| v) Address of the Registered Office and contact details | A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, India. Tel.: 07104-663000/01 Fax: 07104-663200 |
| vi) Whether Listed Company | Yes |
| vii) Name, Address and contact details of the Registrar and Transfer Agent, if any | MCS Share Transfer Agent Limited F-65, First Floor, Okhla Industrial Area, Phase-1, New Delhi-110 020, India Tel.: 011-4140 6149-52 Fax No.: 011-4170 9881 |
| 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 | As per Attachment - A |
| III. PARTICULARS OF HOLDING, SUBSIDIARY INCLUDING SUBSIDIARIES OF SUBSIDIARIES AND ASSOCIATE COMPANIES | |
| | As per Attachment - B |
| IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) | |
| i) Category-wise Shareholding | As per Attachment - C |
| ii) Shareholding of Promoters | As per Attachment - D |
| iii) Change in Promoters' Shareholding | As per Attachment - E |
| iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) | As per Attachment - F |
| v) Shareholding of Directors and Key Managerial Personnel | As per Attachment - G |
| V. INDEBTEDNESS | |
| Indebtedness of the Company including interest outstanding/ accrued but not due for payment | As per Attachment - H |
| VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL | |
| A. Remuneration to Managing Director, Whole-time Directors and/ or Manager | As per Attachment - I |
| B. Remuneration to other Directors | As per Attachment - J |
| C. Remuneration to Key Managerial Personnel other than MD/ Manager/WTD | As per Attachment - K |
| VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES | |
| | As per Attachment - L |

ATTACHMENT - A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company are given below:

| Sl. No. | Name and Description of main products / services | NIC Code of the product / service | % to total turnover of the Company # |
|---------|--|-----------------------------------|--------------------------------------|
| 1 | Polyester Staple Fibre | 55032000 | 51.47% |
| 2 | Polyester Filament Yarn | 54024200 | 16.13% |
| 3 | Draw Texturised Yarn | 54023300 | 31.06% |

Products contributing 10% or more of Gross Turnover.

ATTACHMENT - B

III. PARTICULARS OF HOLDING, SUBSIDIARY INCLUDING SUBSIDIARIES OF SUBSIDIARIES AND ASSOCIATE COMPANIES

| Sl. No. | Name and Address of the Company | CIN / GIN | Holding / Subsidiary / Associate | % of Share held | Applicable Section |
|---------|--|-----------------------|---|-----------------|--------------------|
| 1 | Indo Rama Renewables Ltd. * A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, India | U40106MH2012PLC286288 | Subsidiary | 100 | 2(87)(ii) |
| 2 | Indo Rama Renewables Jath Ltd. ** 20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002, Haryana, India | U40300HR2012PLC046057 | Subsidiary of Indo Rama Renewables Ltd. | 100 | 2(87)(ii) |
| 3 | Indo Rama Renewables Porbandar Ltd. * A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, India | U40102MH2012PLC286071 | Subsidiary of Indo Rama Renewables Ltd. | 100 | 2(87)(ii) |
| 4 | Indo Rama Renewables Ramgarh Ltd. * A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, India | U40300MH2012PLC286100 | Subsidiary of Indo Rama Renewables Ltd. | 100 | 2(87)(ii) |

* Vide Order of NCLT dated 29th March 2017, Indo Rama Renewables Limited, Indo Rama Renewables Ramgarh Limited and Indo Rama Renewables Porbandar Limited amalgamated with Indo Rama Synthetics (India) Ltd.

** Indo Rama Renewables Jath Limited has been disposed-off to the Tata Renewable Energy Limited on 19th May 2016.

ATTACHMENT - C

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

i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 1st April, 2016) | | | | No. of Shares held at the end of the year (As on 31st March, 2017) | | | | % Change during the year |
|---|--|--------------|------------------|-------------------|---|--------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 57661770 | - | 57661770 | 37.98% | 58524294 | - | 58524294 | 38.55% | 0.57% |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| Sub Total A(1) | 57661770 | - | 57661770 | 37.98% | 58524294 | - | 58524294 | 38.55% | 0.57% |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 961724 | - | 961724 | 0.63% | 99200 | - | 99200 | 0.07% | -0.57% |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | 43288057 | - | 43288057 | 28.51% | 50496057 | - | 50496057 | 33.26% | 4.75% |
| d) Banks/FI | - | - | - | - | - | - | - | - | - |
| e) Any Other | - | - | - | - | - | - | - | - | - |
| Sub-Total A(2) | 44249781 | - | 44249781 | 29.15% | 50595257 | - | 50595257 | 33.33% | 4.18% |
| Total Shareholding of Promoter A=A(1)+A(2) | 101911551 | - | 101911551 | 67.13% | 109119551 | - | 109119551 | 71.87% | 4.75% |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 5136 | 5420 | 10556 | 0.01% | 29214 | 5420 | 34634 | 0.02% | 0.02% |
| b) Banks / FI | 2163486 | 144 | 2163630 | 1.43% | 1541775 | 144 | 1541919 | 1.02% | -0.41% |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 4006850 | - | 4006850 | 2.64% | 4006850 | - | 4006850 | 2.64% | 0.00% |
| g) FIs | 14163389 | 9590 | 14172979 | 9.34% | 14113701 | 9590 | 14123291 | 9.30% | -0.03% |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B) (1) | 20338861 | 15154 | 20354015 | 13.41% | 19691540 | 15154 | 19706694 | 12.98% | -0.43% |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 2862823 | 16388 | 2879211 | 1.90% | 2928776 | 15560 | 2944336 | 1.94% | 0.04% |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individuals shareholders holding nominal share capital upto ₹ 2 Lakh | 7474907 | 848589 | 8323496 | 5.48% | 8831473 | 833660 | 9665133 | 6.37% | 0.88% |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh | 6509092 | - | 6509092 | 4.29% | 6275717 | - | 6275717 | 4.13% | -0.15% |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | 1554187 | 130 | 1554317 | 1.02% | 1028251 | - | 1028251 | 0.68% | -0.35% |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 1st April, 2016) | | | | No. of Shares held at the end of the year (As on 31st March, 2017) | | | | % Change during the year |
|--|--|---------------|------------------|-------------------|---|---------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| Foreign Bodies-D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B) (2) | 18401009 | 865107 | 19266116 | 12.69% | 19064217 | 849220 | 19913437 | 13.12% | 0.43% |
| Total Public Shareholding (B)=(B) (1) + (B) (2) | 38739870 | 880261 | 39620131 | 26.10% | 38755757 | 864374 | 39620131 | 26.10% | 0.00% |
| C. Shares held by Custodian for GDRs & ADRs | 10290560 | - | 10290560 | 6.78% | 3082560 | - | 3082560 | 2.03% | -4.75% |
| Grand Total (A+B+C) | 150941981 | 880261 | 151822242 | 100.00% | 150957868 | 864374 | 151822242 | 100.00% | 0.00% |

ATTACHMENT - D

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

ii) Shareholding of Promoters

| S. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 1st April, 2016) | | | Shareholding at the end of the year (As on 31st March, 2017) | | | % change in shareholding 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 | Brookgrange Investments Ltd. | 43,288,057 | 28.51 | 0.00 | 50,496,057 | 33.26 | 0.00 | 4.75 |
| 2 | Mr. Om Prakash Lohia | 37,984,000 | 25.02 | 0.00 | 37,984,000 | 25.02 | 0.00 | 0.00 |
| 3 | Mrs. Urmila Lohia | 18,184,518 | 11.98 | 0.00 | 18,184,518 | 11.98 | 0.00 | 0.00 |
| 4 | Mr. Alope Lohia | 661,696 | 0.44 | 0.00 | 99,200 | 0.07 | 0.00 | -0.37 |
| 5 | Mr. Mohan Lal Lohia | 300,028 | 0.20 | 0.00 | 0.00 | 0.00 | 0.00 | -0.20 |
| 6 | Mrs. Ritika Kumar | 414,796 | 0.27 | 0.00 | 414,796 | 0.27 | 0.00 | 0.00 |
| 7 | Mr. Vishal Lohia | 275,372 | 0.18 | 0.00 | 1,137,896 | 0.75 | 0.00 | 0.57 |
| 8 | Ms. Aradhna Lohia | 313,256 | 0.21 | 0.00 | 313,256 | 0.21 | 0.00 | 0.00 |
| 9 | Mrs. Rimple Lohia | 239,940 | 0.16 | 0.00 | 239,940 | 0.16 | 0.00 | 0.00 |
| 10 | Mr. Yashovardhan Lohia | 249,888 | 0.16 | 0.00 | 249,888 | 0.16 | 0.00 | 0.00 |
| Total | | 101,911,551 | 67.13 | 0.00 | 109,119,551 | 71.87 | 0.00 | 4.75 |

ATTACHMENT - E

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

iii) Change in Promoters' Shareholding

| S. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 1st April, 2016) | | Cumulative Shareholding during the year (1st April, 2016 to 31st 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 | 101,911,551 | 67.13 | | |
| 2 | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): # | | | # | |
| 3 | At the end of the year | | | 109,119,551 | 71.87 * |

The details of shares through inter-se transfer and conversion of GDRs into Equity Shares.

Note: *Increase in the percentage of total equity shares of the Promoters from 67.13% to 71.87%, due to inter-se transfer of 8,62,524 equity shares and conversion of 9,01,000 Global Depository Receipts (GDRs) into 72,08,000 equity shares.

The details of shares through inter-se transfer and conversion of GDRs into Equity Shares.

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-16 to 31-03-17) | |
|---------|------------------------------|--|--------------------------------------|-----------|--|--------------------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-16) / end of the year (31-03-17) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1 | Mohan Lal Lohia | 300,028 | 0.20 | 1-Apr-16 | | | | |
| | | | | 22-Jun-16 | -300,028 | Inter-se-Transfer | 0 | 0 |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |
| 2 | Aloke Lohia | 661,696 | 0.44 | 1-Apr-16 | | | | |
| | | | | 22-Jun-16 | -562,496 | Inter-se-Transfer | 99,200 | 0.07 |
| | | 99,200 | 0.07 | 31-Mar-17 | | | 99,200 | 0.07 |
| 3 | Vishal Lohia | 275,372 | 0.18 | 1-Apr-16 | | | | |
| | | | | 22-Jun-16 | 300,028 | Inter-se-Transfer | 575,400 | 0.38 |
| | | | | 22-Jun-16 | 562,496 | Inter-se-Transfer | 1,137,896 | 0.75 |
| | | 1,137,896 | 0.75 | 31-Mar-17 | | | 1,137,896 | 0.75 |
| 4 | Brookgrange Investments Ltd. | 43,288,057 | 28.51 | 1-Apr-16 | | Conversion of | | |
| | | | | 7-Feb-17 | 7,208,000 | 901000 GDRs | 50,496,057 | 33.26 |
| | | 50,496,057 | 33.26 | 31-Mar-17 | | into Equity Shares | 50,496,057 | 33.26 |

ATTACHMENT - F

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

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

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-16 to 31-03-17) | |
|---------|---|--|--------------------------------------|-----------|--|------------------------------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-16) / end of the year (31-03-17) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1 | APMS Investment Fund Ltd. | 12,652,175 | 8.33 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 12,652,175 | 8.33 | 31-Mar-17 | | | 12,652,175 | 8.33 |
| 2 | Life Insurance Corporation of India | 3,005,152 | 1.98 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 3,005,152 | 1.98 | 31-Mar-17 | | | 3,005,152 | 1.98 |
| 3 | IFCI Limited | 2,061,866 | 1.36 | 1-Apr-16 | | | | |
| | | | | 1-Jul-16 | -635,938 | Market Sale | 1,425,928 | |
| | | 1,425,928 | 0.94 | 31-Mar-17 | | | 1,425,928 | 0.94 |
| 4 | Asia Investment Corporation (Mauritius) Limited | 1,381,861 | 0.91 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 1,381,861 | 0.91 | 31-Mar-17 | | | 1,381,861 | 0.91 |
| 5 | Monica Burman | 1,000,000 | 0.66 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 1,000,000 | 0.66 | 31-Mar-17 | | | 1,000,000 | 0.66 |
| 6 | United India Insurance Company Ltd. | 613,536 | 0.40 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 613,536 | 0.40 | 31-Mar-17 | | | 613,536 | 0.40 |

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-16 to 31-03-17) | |
|---------|--|---|--|-----------|--|------------------------------------|--|---|
| | | No. of shares at the beginning (01-04-16) / end of the year (31-03-17) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 7 | Lal Tolani | 434,745 | 0.29 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 434,745 | 0.29 | 31-Mar-17 | | | 434,745 | 0.29 |
| 8 | The Oriental Insurance Company Ltd. | 388,162 | 0.26 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 388,162 | 0.26 | 31-Mar-17 | | | 388,162 | 0.26 |
| 9 | Tanvi J Mehta | 326,858 | 0.22 | 1-Apr-16 | | Market Sale | | |
| | | | | 13-May-16 | -326,858 | | 0 | |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |
| 10 | Subhash Chandar Kathoria | 295,092 | 0.19 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 295,092 | 0.19 | 31-Mar-17 | | | 295,092 | 0.19 |

ATTACHMENT - G

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

v) Shareholding of Directors and Key Managerial Personnel

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-16 to 31-03-17) | |
|---------------------|---|---|--|-----------|--|------------------------------------|--|---|
| | | No. of shares at the beginning (01-04-16) / end of the year (31-03-17) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| A DIRECTORS: | | | | | | | | |
| 1 | Mr. Mohan Lal Lohia Chairman - Emiratous | 300,028 | 0.20 | 1-Apr-16 | | Inter-se- Transfer | | |
| | | | | 22-Jun-16 | -300028 | | | |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |
| 2 | Mr. Om Prakash Lohia Chairman & Managing Director | 37,984,000 | 25.02 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 37,984,000 | 25.02 | 31-Mar-17 | | | 37,984,000 | 25.02 |
| 3 | Mr. Vishal Lohia Whole-time Director | 275,372 | 0.18 | 1-Apr-16 | 0 | Inter-se- Transfer | | |
| | | | | 22-Jun-16 | 300028 | | | |
| | | | | 22-Jun-16 | 562496 | | | |
| | | 1,137,896 | 0.75 | 31-Mar-17 | | | 1,137,896 | 0.75 |
| 4 | Mr. Ashok Kumar Ladha Independent Director | 17,713 | 0.01 | 1-Apr-16 | 0 | Nil movement during the year | | |
| | | 17,713 | 0.01 | 31-Mar-17 | | | 17,713 | 0.01 |
| 5 | Dr. Arvind Pandalai Independent Director | 0 | 0 | 1-Apr-16 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |
| 6 | Mr. Suman Jyoti Khaitan Independent Director | 0 | 0 | 1-Apr-16 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-16 to 31-03-17) | |
|-----------------------------------|---|---|--|-----------|--|-----------------------------------|--|---|
| | | No. of shares at the beginning (01-04-16) / end of the year (31-03-17) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 7 | Ms. Ranjana Agarwal Independent Director | 0 | 0 | 1-Apr-16 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |
| B Key Managerial Personnel | | | | | | | | |
| 1 | Mr. Anant Kishore Chief Executive Officer | 0 | 0 | 1-Apr-16 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |
| 2 | Mr. Sanjeev Aggarwal President & CFO | 0 | 0 | 1-Apr-16 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |
| 3 | Mr. Jayantk Sood CHRO & Company Secretary | 0 | 0 | 1-Apr-16 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-17 | | | 0 | 0 |

ATTACHMENT - H

V. INDEBTEDNESS

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

| | Amount (₹ in Crore) | | | |
|---|-------------------------------------|--------------------|----------|-----------------------|
| | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the financial year (01/04/16) | | | | |
| i) Principal Amount | 321.43 | - | - | 321.43 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.67 | - | - | 0.67 |
| Total (i+ii+iii) | 322.10 | | | 322.10 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 34.57 | - | - | 34.57 |
| Reduction | 20.72 | - | - | 20.72 |
| Exchange Difference | (1.85) | - | - | (1.85) |
| Net Change | 12.00 | | | 12.00 |
| Indebtedness at the end of the financial year (31/03/17) | | | | |
| i) Principal Amount | 307.41 | - | - | 307.41 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 2.69 | - | - | 2.69 |
| Total (i+ii+iii) | 310.10 | | | 310.10 |

ATTACHMENT - I

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/ or Manager

| S. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | (₹ in Crore) |
|----------|--|---------------------------------|----------------|---------------|--------------|
| | | Om Prakash Lohia * | Vishal Lohia * | Anant Kishore | Total Amount |
| 1 | Gross Salary | | | | |
| (a) | Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961 | 1.80 | 1.02 | 0.13 | 2.95 |
| (b) | Value of perquisites u/s 17 (2) Income-tax Act, 1961 | 0.09 | 0.41 | 0.004 | 0.50 |
| (c) | Profits in lieu of salary under Section 17 (3) Income-tax Act, 1961 | 0.65 | 0.06 | 0.17 | 0.88 |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total (A) | 2.54 | 1.49 | 0.30 | 4.33 |
| | Ceiling as per the Act | * As per Central Govt. approval | | | |

Note : Above payments includes perquisite value as defined under Income Tax Act 1961 for various payment made during the period.

ATTACHMENT - J

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other Directors

| S. No. | Particulars of Remuneration | Name of Directors | | | | | (₹ in Crore) |
|----------|--|------------------------------------|-------------------|-----------------|---------------------|-----------------|--------------|
| | | Mohan Lal Lohia | Ashok Kumar Ladha | Arvind Pandalai | Suman Jyoti Khaitan | Ranjana Agarwal | Total Amount |
| 1 | Independent Directors | | | | | | |
| | Fee for attending Board / Committee meetings | - | 0.03 | 0.02 | 0.02 | 0.02 | 0.09 |
| | Commission | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - |
| | Total (1) | - | 0.03 | 0.02 | 0.02 | 0.02 | 0.09 |
| 2 | Other Non-Executive Directors | | | | | | |
| | Fee for attending Board / Committee meetings | - | - | - | - | - | - |
| | Commission | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - |
| | Total (2) | - | - | - | - | - | - |
| | Total (B) = (1+2) | - | 0.03 | 0.02 | 0.02 | 0.02 | 0.09 |
| | Total Managerial Remuneration | | | | | | 4.34 |
| | Overall Ceiling as per the Act | No Remuneration, only Sitting Fee. | | | | | |

ATTACHMENT - K

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | | (₹ in Crore) |
|----------|--|--------------------------|---------------------------|-------------------------------------|--------------|
| | | CEO (Anant Kishore) | CFO (Sanjeev Aggarwal) | Company Secretary (Jayantk Sood) | Total Amount |
| 1 | Gross Salary | | | | |
| (a) | Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961 | 0.36 | 0.42 | 0.27 | 1.05 |
| (b) | Value of perquisites u/s 17 (2) Income-tax Act, 1961 | 0.02 | 0.01 | 0.01 | 0.04 |
| (c) | Profits in lieu of salary under Section 17 (3) Income-tax Act, 1961 | 0.68 | 0.92 | 0.30 | 1.90 |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | | | | |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total | 1.06 | 1.35 | 0.58 | 2.99 |

Note : Above payments includes perquisite value as defined under Income Tax Act 1961 for various payment made during the period.

ATTACHMENT - L

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority (RD / NCLT / COURT) | Amount (₹ in Crore) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| | | | | | Appeal made, if any (give details) |
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman & Managing Director
(DIN 00206807)

Place: Gurgaon

Date: 18th May 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Indo Rama Synthetics (India) Limited

1. Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Indo Rama Synthetics (India) 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.

2. 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 state of affairs (financial position), profit or loss (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.

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 judgments 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.

3. Auditor's 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 qualified audit opinion on the standalone Ind AS financial statements.

4. Basis for Qualified Opinion

- (i) Attention is drawn to note 41 (c) of the standalone Ind AS financial statements relating to Deferred Tax Assets amounting to ₹ 54.08 crores as at 31 March 2017 recognised by the Company on the basis of future outlook of business confirming that sufficient future taxable income will be available against which these assets will be realised. In view of losses suffered in the current as well as preceding periods, and other unused tax losses available to

the Company, we are not in agreement with the deferred tax assets recognised. Had such asset not been recognised, the net loss after tax for the year would have been higher by ₹ 54.08 crores and other equity as at 31 March 2017 would have been lower by ₹ 54.08 crores.

- (ii) Attention is drawn to note 39 (b) of the standalone Ind AS financial statements, which enumerates recognition of interest of ₹ 13.87 crores in the books by the Company on the insurance claim recoverable from its insurance company for the loss of certain assets and loss suffered due to business interruption at its plant in 2007-08. The said recognition of asset being contingent in nature, is not in accordance with accounting principle stated in Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. Had such income not been recognised, the net loss before and after tax for the year ended 31 March 2017 would have been higher by ₹ 2.92 crores, and net loss before tax for the year ended 31 March 2016 would have been higher by ₹ 10.95 crores and the net profit after tax for the year ended 31 March 2016 would have been lower by ₹ 10.95 crores and other equity as at 31 March 2017 would have been lower by ₹ 13.87 crores.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the 'Basis for Qualified Opinion' paragraph above, 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 Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2017, of its loss (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

6. Emphasis of matter

We draw an attention to note 39(a) of the standalone Ind AS financial statements which describes the uncertainty related to the outcome of the lawsuit filed by the Company against an insurance company. Our opinion is not modified in respect of this matter.

7. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure I", a statement on the matters specified in paragraphs 3 and 4 of the Order.

- (ii) 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. Except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph above, in our opinion, proper books of account as required 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 (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity, dealt with by this Report, are in agreement with the books of account;
- d. Except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- e. The matter described in the 'Basis for Qualified Opinion' and matter described under 'Emphasis of matter' paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- f. 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;
- g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Qualified Opinion' paragraph above;
- h. 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 II";
- i. With respect to the other matters to be included in the Auditor's 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 explanations 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 notes 37 and 39 to the standalone Ind AS financial statements;
- (ii) The Company did not have any long-term contracts, including derivative contracts outstanding as at 31 March 2017 for which there were any material foreseeable losses;
- (iii) There has been no delay in transferring amounts that were required to be transferred to the Investor Education and Protection Fund by the Company; and

- (iv) The Company has provided requisite disclosures in its 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 and these are in accordance with the books of accounts maintained by the Company. Refer note 36 to the standalone Ind AS financial statements.

For **B S R and Associates**
Chartered Accountants
ICAI Firm Registration Number: 128901W

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 18 May 2017

ANNEXURE I REFERRED TO IN PARAGRAPH 7(I) OF THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDO RAMA SYNTHETICS (INDIA) LIMITED ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017:

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets are physically verified by the management in accordance with a phased programme designed to cover all items of fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this programme, certain categories of fixed assets at certain locations have been physically verified by the management during the year. As informed to us, no material discrepancies were observed 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 the immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventories, except for goods in transit and stocks with third parties, have been physically verified, at reasonable interval by the management during the year. For stocks lying with third parties at the year end, written confirmations are obtained. As informed to us, no material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company, during the earlier periods, had granted unsecured loans to a wholly owned subsidiary company amounting to ₹ 43.57 crores covered in the register maintained under Section 189 of the Companies Act, 2013. The entire amount along with interest thereon has been repaid during the year.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no loans, investments, guarantees, and security where provisions of section 185 and 186 of the Act are required to be complied with. Accordingly, the provisions of paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under section 73 to 76 of the Act. Accordingly, the provisions of paragraph 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under sub section (1) of section 148 of the Companies Act, 2013 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 such 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, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities during the year.
- 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, Service tax, Duty of Customs, Duty of Excise, Value Added tax, Cess and other material statutory dues, to the extent applicable, 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, and on the basis of the records of the Company examined

by us, there are no dues of Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise and Value Added 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 dues | Amount of dispute (₹ Crores) # | Amount paid under protest (₹ Crores) | Period to which it relates | Forum where dispute is pending |
|---|--------------------|-----------------------------------|--|---|---|
| The Central Excise Act, 1944 | Duty of Excise | 1.06 | - | 2002-03 | Bombay High Court, Nagpur Bench |
| | | 5.70 | 2.50 | 2003-04 to 2005-06 | |
| | | 0.51 | - | March 2008- December 2010 | |
| | | 59.37 | 5.90 | 1996- 97 and 2000- 01 to 2009-10 | |
| | | 13.31 | - | 1996-97 to 2008-09 and 2012 | |
| | | 24.06 | - | 1997-98 to 2015-16 | |
| Bombay Sales Tax Act, 1959/ Central Sales Tax Act, 1956 | Sales Tax | 0.43 | 0.13 | 1998-99 to 1999-00 | Joint Commissioner Sales Tax (Appeals), Nagpur |
| Maharashtra Value Added Tax Act, 2002 | Value Added Tax | 17.59 | 5.60 | 2008-09 to 2013-14 | |
| Customs Act, 1962 | Duty of Customs | 214.25 | - | 2006-07 | Supreme Court |
| | | 3.67 | 0.13 | 2014-15 and 2015-16 | Customs, Excise and Service Tax Appellate Tribunal |
| | | 6.01 | - | 2006-07 | Commissioner of Customs |
| | | 0.04 | - | 1997- 98 to 1998-99 | Assistant Commissioner/ Deputy Commissioner |
| Finance Act, 1994 | Service Tax | 0.22 | 0.08 | 2004-05 to 2009-10 | Customs, Excise and Service Tax Appellate Tribunal |
| | | 0.22 | - | 2002-03 to 2005-06 | Commissioner, Nagpur |
| | | 0.89 | 0.01 | 2007-08, 2010-11 to 2013-14 | Commissioner (Appeals), Nagpur |
| | | 0.31 | - | 1997-98, 2000-01 and 2010-11 to 2014-15 | Assistant/ Deputy Commissioner Nagpur |
| Income tax Act, 1961 * | Income Tax | 0.26 | 0.26 | AY 2006-07 | Commissioner of Income Tax (Appeals) |
| | | 9.91 | 6.19 | AY 2004-05 and AY 2007-08 | Income Tax Appellate Tribunal |

*excluding cases where losses/unabsorbed depreciation have been adjusted by the tax authorities without raising any demands, though disputed by the Company.

including interest/penalties, where quantified and demanded by authorities.

(viii) According to the information and explanations given to us, the Company has not defaulted in the payment of loans or borrowing to the banks, except for certain delays in the repayment of dues (cash credit accounts) to banks. Details of delays and amount in default outstanding as at 31 March 2017 are given below:

| Bank Name | Nature of loan | Total amount delayed (₹ Crores) | No of days | Amount outstanding as at 31 March 2017 (₹ Crores) |
|---------------------------|----------------|------------------------------------|--------------|---|
| Bank of India | Overdrawn | 242.67 | 1 to 48 days | 11.79 |
| HDFC Bank | Overdrawn | 71.18 | 2 to 59 days | - |
| Punjab National Bank | Overdrawn | 114.83 | 1 to 67 days | 12.64 |
| State Bank of India | Overdrawn | 109.38 | 4 to 34 days | 14.68 |
| State Bank of Travancore | Overdrawn | 141.50 | 1 to 63 days | - |
| Oriental Bank of Commerce | Overdrawn | 116.34 | 5 to 46 days | 14.92 |
| Axis Bank | Overdrawn | 104.52 | 1 to 77 days | 0.05 |

Further, there are no loans or borrowings from financial institutions or government and there are no dues to debenture holders during the year.

- (ix) According to the information and explanations given to us, the term loan taken by the Company have been applied for the purposes for which they were raised. The Company has not raised any moneys by way of initial public offer or further public offer.
- (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 on the basis of our examination of the records of the Company, the managerial remuneration has been paid/ provided in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013 except ₹ 4.81 crores which has been paid as Managerial Remuneration by the Company to two of its directors for services rendered subsequent to remuneration period approved by the Central Government vide approval SRH B61072120/4/2013-CL VII and B75482356/4/2013-CL VII respectively. The Company is awaiting approval of its submission filed under relevant rules.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of paragraph 3(xii) of the Order is not applicable.

(xiii) According to information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of paragraph 3(xiv) of the Order is not applicable.

(xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of paragraph 3(xv) of the Order is not applicable.

(xvi) According to 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.

For **B S R and Associates**

Chartered Accountants

ICAI Firm Registration Number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2017

ANNEXURE II REFERRED TO IN PARAGRAPH 7(II)(H) OF THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDO RAMA SYNTHETICS (INDIA) LIMITED ON THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 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 Indo Rama Synthetics (India) 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. 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 Act.

Auditor's 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 Act, to the extent applicable to an audit of internal financial controls and 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 auditor's 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 (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 and Associates**

Chartered Accountants

ICAI Firm Registration Number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2017

BALANCE SHEET

as at 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| | Note No. | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|----------|------------------------|------------------------|-----------------------|
| Assets | | | | |
| [1] Non-current assets | | | | |
| (a) Property, plant and equipment | 3 | 898.02 | 934.77 | 934.76 |
| (b) Capital work-in-progress | 4 | 10.88 | 16.50 | 6.36 |
| (c) Other intangible assets | 5 | - | - | 0.05 |
| (d) Financial assets | | | | |
| (i) Investments | 6 | - | - | 60.30 |
| (ii) Loans | 7 | 2.43 | 1.97 | 17.60 |
| (iii) Other financial assets | 8 | 8.10 | 6.26 | 5.44 |
| (e) Deferred tax assets (net) | 9 | 54.08 | - | - |
| (f) Other tax assets (net) | 10 | 11.53 | 11.29 | 10.46 |
| (g) Other non-current assets | 11 | 11.42 | 10.23 | 14.67 |
| | | 996.46 | 981.02 | 1,049.64 |
| [2] Current assets | | | | |
| (a) Inventories | 12 | 194.58 | 256.71 | 273.48 |
| (b) Financial assets | | | | |
| (i) Investments | 6 | 1.22 | 61.04 | 38.19 |
| (ii) Trade receivables | 13 | 133.20 | 198.09 | 115.00 |
| (iii) Cash and cash equivalents | 14 | 5.90 | 6.70 | 23.74 |
| (iv) Bank balances other than cash and cash equivalents | 14.1 | 64.08 | 76.56 | 31.99 |
| (v) Loans | 7 | - | 15.88 | - |
| (vi) Other financial assets | 8 | 75.60 | 84.89 | 69.45 |
| (c) Other current assets | 11 | 136.74 | 116.51 | 117.25 |
| | | 611.32 | 816.38 | 669.10 |
| Total | | 1,607.78 | 1,797.40 | 1,718.74 |
| Equity and liabilities | | | | |
| [1] Equity | | | | |
| (a) Equity share capital | 15 | 151.82 | 151.82 | 151.82 |
| (b) Other equity | 15.1 | 349.88 | 452.38 | 433.62 |
| | | 501.70 | 604.20 | 585.44 |
| [2] Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 16 | 80.94 | 98.65 | 107.33 |
| (ii) Other financial liabilities | 18 | 0.10 | 0.37 | 0.64 |
| (b) Provisions | 19 | 20.77 | 18.79 | 19.90 |
| (c) Deferred tax liabilities (net) | 9 | - | - | 130.91 |
| [3] Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 17 | 167.78 | 177.72 | 204.94 |
| (ii) Trade payables | 20 | | | |
| - Dues of micro enterprises and small enterprises | | 0.70 | 0.03 | - |
| - Other trade payable | | 703.38 | 734.86 | 542.88 |
| (iii) Other financial liabilities | 18 | 88.67 | 106.90 | 85.43 |
| (b) Other current liabilities | 21 | 40.89 | 52.92 | 38.41 |
| (c) Provisions | 19 | 2.85 | 2.96 | 2.86 |
| | | 1,106.08 | 1,193.20 | 1,133.30 |
| Total | | 1,607.78 | 1,797.40 | 1,718.74 |
| Significant accounting policies | 2 | | | |

The accompanying notes 1 to 45 form an integral part of the financial statements

As per our report of even date attached.

For **B S R and Associates**
Chartered Accountants
ICAI Firm Registration Number: 128901W

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 18 May 2017

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
Chairman and Managing Director
DIN Number: 00206807

Jayantk Sood
Company Secretary
ICSI Membership No.: FCS4482

Place: Gurgaon
Date: 18 May 2017

Ashok Kumar Ladha
Director
DIN Number: 00089360

Sanjeev Aggarwal
President and Chief Financial Officer
ICAI Membership No.: 089369

STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| | Note No. | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|----------|-----------------------------|-----------------------------|
| Income | | | |
| Revenue from operations | 22 | 2,701.05 | 2,785.60 |
| Other income | 23 | 28.52 | 5.55 |
| Total income | | 2,729.57 | 2,791.15 |
| Expenses | | | |
| Cost of materials consumed | 24 | 1,923.78 | 2,019.32 |
| Changes in inventories of finished goods and work-in-progress | 25 | 27.49 | (52.90) |
| Excise duty on sales | | 233.01 | 249.94 |
| Employee benefits expense | 26 | 104.53 | 105.74 |
| Other expenses | 27 | 417.00 | 379.11 |
| Expenses before finance costs, depreciation and amortisation, foreign exchange fluctuation and exceptional items | | 2,705.81 | 2,701.21 |
| Profit before finance costs, depreciation and amortisation, foreign exchange fluctuation and exceptional items | | 23.76 | 89.94 |
| Finance costs | 28 | 91.08 | 53.68 |
| Depreciation and amortisation expense | 29 | 79.48 | 77.74 |
| Foreign exchange fluctuation gain / (loss) | | 13.52 | (23.62) |
| Profit / (loss) before exceptional items and tax | | (133.28) | (65.10) |
| Exceptional items | | | |
| | 43 | | |
| Inventory losses | | - | (26.68) |
| Others | | (4.73) | (4.23) |
| Profit / (loss) before tax | | (138.01) | (96.01) |
| Tax expense : | | | |
| | 9 | | |
| Current tax | | - | - |
| Deferred tax credit | | (53.98) | (131.65) |
| Total tax expenses | | (53.98) | (131.65) |
| Profit / (loss) for the year | | (84.03) | 35.64 |
| Other comprehensive (expense) / income (OCI) | | | |
| - Items that will not be reclassified to (expense) / income | | | |
| Remeasurement of defined benefit liability | | (0.30) | 2.13 |
| Income tax relating to remeasurement of defined benefit liability | 9 | (0.10) | 0.74 |
| Other comprehensive (expense) / income for the year, net of tax | | (0.20) | 1.39 |
| Total comprehensive income / (expense) for the year | | (84.23) | 37.03 |
| Basic and diluted (loss) / earnings per equity share (in ₹) (Face value ₹ 10 each) | 30 | (5.53) | 2.35 |
| Significant accounting policies | 2 | | |

The accompanying notes 1 to 45 form an integral part of the financial statements

As per our report of even date attached.

For **B S R and Associates**
Chartered Accountants
ICAI Firm Registration Number: 128901W

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 18 May 2017

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
Chairman and Managing Director
DIN Number: 00206807

Jayantk Sood
Company Secretary
ICSI Membership No.: FCS4482

Place: Gurgaon
Date: 18 May 2017

Ashok Kumar Ladha
Director
DIN Number: 00089360

Sanjeev Aggarwal
President and Chief Financial Officer
ICAI Membership No.: 089369

CASH FLOW STATEMENT

for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| A. Cash flow from operating activities | | |
| Profit / (loss) before tax | (138.01) | (96.01) |
| Actuarial gain/(loss) on remeasurement through OCI | (0.30) | 2.13 |
| Depreciation/ amortisation of property, plant ,equipment and intangible assets | 79.48 | 77.74 |
| Loss on sale/retirement of property plant and equipment | 4.12 | 0.09 |
| Provision for doubtful debts and advances | - | (0.38) |
| Finance cost | 64.63 | 35.90 |
| Interest income | (13.95) | (29.69) |
| Dividend income | (0.01) | (0.60) |
| (Profit)/loss on sale of investments (net) | (23.61) | 8.46 |
| Operating loss before working capital changes | (27.65) | (2.36) |
| Decrease/ (increase) in trade receivables | 64.89 | (82.71) |
| Increase in financial assets - loans | (0.39) | (0.16) |
| Decrease/ (increase) in other financial assets | 5.26 | (12.11) |
| (Increase) / decrease in other assets | (22.77) | 0.45 |
| Decrease in inventories | 62.13 | 16.77 |
| (Decrease)/ increase in trade payables | (30.81) | 192.01 |
| Increase / (decrease) in provisions | 1.87 | (1.01) |
| (Decrease)/ increase in other financial liabilities | (1.05) | 2.32 |
| (Decrease)/ increase in other liabilities | (12.03) | 14.51 |
| Cash generated from operations before tax | 39.45 | 127.72 |
| Income taxes paid (net) | (0.24) | (0.83) |
| Net cash flow from operating activities | 39.21 | 126.89 |
| B. Cash flow from investing activities | | |
| Acquisition of property plant and equipment | (77.22) | (43.37) |
| Recovery of loans from subsidiaries | 15.88 | - |
| Sale of property plant and equipment | 0.03 | 0.46 |
| Sale of investments in subsidiary | 83.91 | 28.98 |
| Movement in bank deposits (net) having original maturity of more than 3 months | 11.57 | (44.56) |
| Interest received | 18.40 | 25.50 |
| Dividend received | 0.01 | 0.60 |
| Net cash flow from / (used in) investing activities | 52.58 | (32.39) |

CASH FLOW STATEMENT

for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| C. Cash flow from financing activities | | |
| Long-term borrowings repaid during the year | (34.50) | (30.39) |
| Long-term borrowings taken during the year | 32.66 | - |
| Short-term borrowings repaid during the year (net) | (9.94) | (27.22) |
| Dividend paid | (15.11) | (15.17) |
| Taxes on dividend paid | (3.09) | (3.09) |
| Finance cost paid | (62.61) | (35.67) |
| Net cash used in financing activities | (92.59) | (111.54) |
| Net decrease in cash and cash equivalents | (0.80) | (17.04) |
| Opening balance of cash and cash equivalent | 6.70 | 23.74 |
| Closing balance of cash and cash equivalent | 5.90 | 6.70 |
| Note: Cash and cash equivalents as per the Cash Flow Statement comprise of the following:- | | |
| i) Cash balance on hand | 0.36 | 0.93 |
| ii) Balance with banks : | | |
| -In current accounts | 4.47 | 5.77 |
| -In fixed deposits | 1.07 | - |
| Total | 5.90 | 6.70 |
| See accounting policies | 2 | |

- The accompanying notes 1 to 45 form an integral part of the financial statements
- The Cash Flow Statement has been prepared under the 'indirect method' as set out in Ind AS-7 "Statement of Cash Flows", as specified under section 133 of the Companies Act, 2013.

As per our report of even date attached.

For **B S R and Associates**
Chartered Accountants
ICAI Firm Registration Number: 128901W

Jiten Chopra
Partner
Membership No.: 092894

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
Chairman and Managing Director
DIN Number: 00206807

Ashok Kumar Ladha
Director
DIN Number: 00089360

Jayantk Sood
Company Secretary
ICSI Membership No.: FCS4482

Sanjeev Aggarwal
President and Chief Financial Officer
ICAI Membership No.: 089369

Place: Gurgaon
Date: 18 May 2017

Place: Gurgaon
Date: 18 May 2017

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

A. Equity share capital

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Balance at the beginning of the year | 151.82 | 151.82 | 151.82 |
| Changes in equity share capital during the year | - | - | - |
| Balance at the end of the year | 151.82 | 151.82 | 151.82 |

B. Other equity

| Particulars | Reserves and surplus | | | | Items of OCI | Total |
|---|----------------------|----------------------------|-----------------|-------------------|--|----------------|
| | Capital reserve | Securities premium account | General reserve | Retained earnings | Remeasurements of the net defined benefit liability (net of taxes) | |
| Balance at 1 April 2015 (refer note 45) | 20.38 | 166.22 | 58.13 | 188.89 | - | 433.62 |
| Profit for the year | - | - | - | 35.64 | - | 35.64 |
| Other comprehensive income for the year | - | - | - | - | 1.39 | 1.39 |
| Total comprehensive income for the year | 20.38 | 166.22 | 58.13 | 224.53 | 1.39 | 470.65 |
| Dividends | - | - | - | (15.18) | - | (15.18) |
| Dividend distribution tax | - | - | - | (3.09) | - | (3.09) |
| Balance at 31 March 2016 | 20.38 | 166.22 | 58.13 | 206.26 | 1.39 | 452.38 |
| Loss for the year | - | - | - | (84.03) | - | (84.03) |
| Other comprehensive expense for the year | - | - | - | - | (0.20) | (0.20) |
| Total comprehensive expense for the year | - | - | - | (84.03) | (0.20) | (84.23) |
| Dividends | - | - | - | (15.18) | - | (15.18) |
| Dividend distribution tax | - | - | - | (3.09) | - | (3.09) |
| Balance at 31 March 2017 | 20.38 | 166.22 | 58.13 | 103.96 | 1.19 | 349.88 |
| Significant accounting policies | 2 | | | | | |

The accompanying notes 1 to 45 form an integral part of the financial statements

As per our report of even date attached.

For **B S R and Associates**

Chartered Accountants

ICAI Firm Registration Number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

For and on behalf of the Board of Directors of

Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director

DIN Number: 00206807

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Ashok Kumar Ladha

Director

DIN Number: 00089360

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Place: Gurgaon

Date: 18 May 2017

Place: Gurgaon

Date: 18 May 2017

NOTES

to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

1. General information

Indo Rama Synthetics (India) Limited (hereinafter referred to as 'the Company' or 'IRSL') is a company domiciled in India, with its registered office situated at A-31, MIDC Industrial Area, Butibori, Nagpur. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company's GDRs, each comprising eight underlying shares of the Company, are listed with Luxembourg Stock Exchange. The Company is a manufacturer of polyester filament yarn (PFY), polyester staple fibre (PSF), draw texturised yarn (DTY), specialty fiber and chips. The Company is also engaged in power generation, which is used primarily for captive consumption.

During the current financial year, the board of directors has approved common control business combination and the National Company Law Tribunal (NCLT), Mumbai has passed an order approving the merger effective from 1 April 2016 on 29 March 2017. Refer note 45 for more details.

The financial statements were authorized for issue by the Company's Board of Directors on 18 May 2017.

2. Significant accounting policies

a. Basis of preparation and presentation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act hereinafter referred as Previous GAAP ('IGAAP').

As these are the first 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 is provided in note 45.

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

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

- Certain financial assets and liabilities (including derivatives instruments) are recorded at fair value.
- Net defined benefit liabilities are measured at present value of defined benefit obligation.

b. Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and judgment that affect the reported amounts of assets, liabilities, income, expenses and other comprehensive income (OCI) that are reported and disclosed in the financial statements and accompanying notes. These estimates and judgment are based on the management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other estimates and judgments that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The area involving significant estimates and judgments are:

- Note 9 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
- Note 32 – measurement of defined benefit obligations: key actuarial assumptions
- Note 3 and 4 - estimation of useful lives of property, plant and equipment and intangible assets
- Notes 37 and 39 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(o) – impairment of financial assets.

NOTES

to the financial statements for the year ended 31 March 2017

c. Current/ non-current classification

All assets and liabilities have been 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 Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Assets

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

- 1) It is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is expected to be realised within 12 months after the reporting date; or
- 4) 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 the 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:

- 1) It is expected to be settled in the company's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is due to be settled within 12 months after the reporting date; or
- 4) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

d. Property, plant and equipment

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. 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. The Company identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work-in-progress.

Foreign currency exchange differences are capitalized as per the policy stated in note 2(h) below.

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 Previous GAAP, and use the carrying value as the deemed cost of its property plant and equipment.

Subsequent expenditure

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if

NOTES

to the financial statements for the year ended 31 March 2017

it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Depreciation

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

Based on technical assessment made by technical expert and management estimate, the Company have assessed the estimated useful lives of certain property, plant and equipment are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives of items of property, plant and equipment are as follows:

| Particulars | Management estimate of useful life | Useful life as per Schedule II |
|---|------------------------------------|--------------------------------|
| Building (factory buildings/ non factory buildings) | 28 years/ 58 years | 30 years/ 60 years |
| Plant and equipment (continuous process plant) | 18 years | 25 years |
| Furniture and fixtures | 15 years | 10 years |
| Vehicles | 10 years | 8 years |
| Office equipment/ Computer and Peripherals | 20 years/ 6 years | 5 years/ 3 years |

Leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.

Assets costing less than ₹ 5,000 are fully depreciated over the period of one year from the date of purchase/acquisition and such treatment did not have any material impact on financial statements of the Company for the current year.

Assets acquired under finance leases are depreciated over the shorter of the lease term or their useful lives on

straight line basis (not being greater than the useful life envisaged in Schedule II to the Companies Act, 2013) unless it is reasonably certain that the Company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Company are applied.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

e. Intangible assets

Recognition and measurement

Intangible assets includes software, that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss, if any.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Subsequent expenditure

Subsequent expenditure related to an item of intangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Transition to Ind AS

On transition to Ind AS, the Company have elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the Previous GAAP and use that carrying value as the deemed cost of such intangible assets.

Amortisation

Intangible assets includes software that are amortised over the useful economic life of 3 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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f. Impairment

(i) Impairment of financial assets

The Company recognises loss allowance for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. 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.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default in payment within the due date;
- the restructuring of a loan or advance by the entity on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

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 forward looking information. The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any) is held.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(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

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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 Company's corporate assets (e.g., central office building 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 to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of 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. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated on weighted average basis, 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. 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.

h. Foreign exchange transactions

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

All 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 if any that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

All exchange differences except those relating to long-term monetary foreign currency items are dealt with in the Statement of Profit and Loss.

Under previous GAAP the effects of changes in foreign exchange rates, provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences in respect of such items related to acquisition of depreciable assets could be added to/ deducted from the cost of

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the depreciable asset, which would then be depreciated over the balance life of the asset. Ind AS 101 provides an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the 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. Accordingly, exchange differences in respect of long-term monetary foreign currency items prior to 1 April 2016, are added to or deducted from the cost of asset and are depreciated over the balance life of the asset.

i. 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. 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 towards Government administered provident fund scheme. 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.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan 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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability or 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, taking into account any changes in the net defined benefit liability 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.

iv. Other long-term employee benefits

Entitlements to annual leave are recognised when they accrue to employees. Leave entitlements may be availed while in service or encashed at the time of retirement/termination of employment, subject to a restriction on the maximum number of accumulation. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

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j. Revenue

i. Sale of goods

Revenue from sale of products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates.

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. Where the payment extends beyond normal credit period interest is recovered separately.

Sales are stated inclusive of excise duty.

ii. Sale of power

Sale of power is recognised on the basis of actual quantity of power sold with reference to the contracted rate. Discounting is required only when payment terms are beyond normal credit period.

iii. Insurance claims

Insurance claims are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain (Also refer to note 39).

iv. Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

k. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of Profit and Loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

l. Borrowing cost

Borrowing cost are interest and other costs incurred in connection with borrowing of funds. Borrowing costs directly attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

m. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

n. Leases

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When

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acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognised as an expense on a straight line basis in the Statement of Profit and Loss over the lease term unless such payments are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increases.

o. Financial instruments

i. Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability. Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. 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.

The Company has accounted for its investment in subsidiaries at cost.

ii. Classification and subsequent measurement Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or at 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.

A financial asset is measured at amortised cost if it 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 on the principal amount outstanding.

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.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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 principle and interest.

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. 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 is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest income recognised in Statement of Profit and Loss.

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. The amortised cost is reduced by impairment losses. 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. |

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading. 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. 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

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of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

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. If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

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. Derivative financial instruments

Foreign exchange forward contracts are purchased to mitigate the risk of changes in foreign exchange rates associated with forecast transactions denominated in certain foreign currencies. The Company recognises all derivatives as assets or liabilities measured at their fair value. The changes by marked to market then at each reporting date and the related gains (losses) are recognised in the Statement of Profit and Loss.

v. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if

there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

p. Measurement of fair values

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

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 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.

q. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, which are not subject to risk of changes in value. Also for the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand.

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r. Earning per share

Basic earning per share are 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 year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

s. Provisions and contingent liabilities

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 obligation at pre-tax rate that reflects current market assessments of the time value of money risks specific to liability. They are not discounted where they are assessed as current in nature. Provisions are not made for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made. Contingent assets are disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets and commitments are reviewed at each balance sheet date.

t. Investment in subsidiary held for sale

Investments in subsidiary for which agreement for sale is made in a financial year and sale of which is probable, classified as investment in subsidiary held for sale.

Investment in subsidiary held for sale is measured at lower of their carrying amount and fair value less cost to sell.

u. Business combinations under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interests method. Under pooling of interests method, the asset and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the previous entity. The difference, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

v. Taxation

Income tax comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

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.

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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. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

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.

w. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company's Board Of Directors assesses the financial performance and position of the company, and makes strategic decision. The Board has been identified as the chief operating decision maker. The Company's business activity are organised and managed separately according to the nature of the products, with each segment representing a strategic business unit that offers different products and serves different market. The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statement of the company as a whole. Refer note 33 for segment information presented.

x. Recent accounting pronouncements Standards issued but not yet effective

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' which is applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of 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 evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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3. Property, plant and equipment

See accounting policy in note 2(d)

(All amounts in ₹ crores, unless otherwise stated)

Reconciliation of carrying amount

| | Freehold land | Leasehold land | Buildings | Leasehold improvements | Plant and equipment | Furniture and Fixtures | Vehicles | Office equipments | Total (Refer note 45) |
|------------------------------------|---------------|----------------|---------------|------------------------|---------------------|------------------------|-------------|-------------------|-----------------------|
| A. Gross carrying amount | | | | | | | | | |
| Deemed cost as at 1 April 2015 | 0.16 | 2.89 | 105.18 | 1.27 | 815.34 | 2.12 | 3.02 | 4.78 | 934.76 |
| Additions (refer foot note 2) | - | - | 1.67 | - | 75.55 | 0.23 | 0.05 | 0.75 | 78.25 |
| Disposals | - | - | - | - | 3.70 | 0.15 | 0.01 | 0.49 | 4.35 |
| As at 31 March 2016 | 0.16 | 2.89 | 106.85 | 1.27 | 887.19 | 2.20 | 3.06 | 5.04 | 1,008.66 |
| Additions | - | - | - | - | 44.70 | 0.02 | 2.10 | 0.37 | 47.19 |
| Disposals (refer foot note 3) | - | - | - | - | 4.41 | 0.08 | 0.31 | 0.29 | 5.09 |
| As at 31 March 2017 | 0.16 | 2.89 | 106.85 | 1.27 | 927.48 | 2.14 | 4.85 | 5.12 | 1,050.76 |
| B. Accumulated depreciation | | | | | | | | | |
| Charge for the year | - | 0.04 | 3.78 | 0.36 | 72.03 | 0.20 | 0.46 | 0.82 | 77.69 |
| Disposals | - | - | - | - | 3.51 | 0.05 | - | 0.24 | 3.80 |
| As at 31 March 2016 | - | 0.04 | 3.78 | 0.36 | 68.52 | 0.15 | 0.46 | 0.58 | 73.89 |
| Charge for the year | - | 0.04 | 3.77 | 0.37 | 73.90 | 0.20 | 0.57 | 0.63 | 79.48 |
| Disposals | - | - | - | - | 0.16 | 0.03 | 0.27 | 0.17 | 0.63 |
| As at 31 March 2017 | - | 0.08 | 7.55 | 0.73 | 142.26 | 0.32 | 0.76 | 1.04 | 152.74 |
| Net carrying value | | | | | | | | | |
| As at 1 April, 2015 | 0.16 | 2.89 | 105.18 | 1.27 | 815.34 | 2.12 | 3.02 | 4.78 | 934.76 |
| As at 31 March 2016 | 0.16 | 2.85 | 103.07 | 0.91 | 818.67 | 2.05 | 2.60 | 4.46 | 934.77 |
| As at 31 March 2017 | 0.16 | 2.81 | 99.30 | 0.54 | 785.22 | 1.82 | 4.09 | 4.08 | 898.02 |

Notes:

- The Company has availed deemed cost exemption for the valuation of plant, property and equipment hence, the net block as per Ind AS as on 1 April 2015 represents gross block as per previous GAAP as on 31 March 2015.
- Additions to plant and equipment include loss on foreign exchange fluctuation on long term monetary items for purchase of property, plant and equipment amounting to ₹ Nil (previous year ₹ 6.95 crores).
- Disposal to plant and equipment include gain on foreign exchange fluctuation on long term monetary items for purchase of property, plant and equipment amounting to ₹ 3.66 crores (previous year ₹ Nil).
- Charge is created over fixed assets in respect of long term and short term borrowings taken by the Company, refer note 16 and 17.
- Carrying value as at 1 April 2015 also includes assets acquired pursuant to common control business combination, plant and equipment of ₹ 0.68 crores and office equipment of ₹ 0.01 crores. (refer note 45)

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

4. Capital work-in-progress

See accounting policy in note 2 (d)

Reconciliation of carrying amount

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Opening balance * | 16.50 | 6.36 |
| Additions | 40.13 | 81.38 |
| Addition pursuant to common control business combination (refer note 45) | 4.73 | - |
| Transfer to fixed assets | (45.75) | (71.24) |
| Impairment during the year (refer note 45) | (4.73) | - |
| Closing balance | 10.88 | 16.50 |

Capital work-in-progress includes property, plant and equipment under construction installation and cost of asset not ready for use as at year end.

* Includes capital work-in-progress acquired from subsidiary under common control business combination as at 1 April 2015 of ₹ 3.14 crores (refer note 45)

5. Other intangible assets

See accounting policy in note 2(e)

Reconciliation of carrying amount

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| A. Gross carrying amount | | |
| Opening balance (deemed cost as at 1 April 2015) | 0.05 | 0.05 |
| Additions | - | - |
| Disposals | - | - |
| Closing balance | 0.05 | 0.05 |
| B. Accumulated amortisation | | |
| Opening balance | 0.05 | - |
| Charge for the year | - | 0.05 |
| Disposals | - | - |
| Closing balance | 0.05 | 0.05 |

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------|------------------------|------------------------|-----------------------|
| Net carrying value | - | - | 0.05 |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

6. Investments

See accounting policy in note 2(o) and 2(t)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| A. Non-current investments | | | |
| Unquoted equity shares | | | |
| Equity share at FVTPL | | | |
| Nil (31 March 2016: Nil, 1 April 2015: 6,03,00,000) equity shares of Indo Rama Renewables Jath Limited (wholly owned subsidiary) (refer note 42) (₹ 10 each, fully paid up) | - | - | 60.30 |
| 15,00,000 (31 March 2016: 15,00,000, 1 April 2015: 15,00,000) equity shares of Ritspin Synthetics Limited (₹ 10 each, fully paid up) | 1.50 | 1.50 | 1.50 |
| Less: Provision for impairment in the value of investment | (1.50) | (1.50) | (1.50) |
| | - | - | 60.30 |
| Aggregate amount of unquoted investments | - | - | 60.30 |
| Aggregate amount of impairment in value of investments | 1.50 | 1.50 | 1.50 |
| | | | |
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| B. Current investments at FVTPL | | | |
| Quoted equity shares | | | |
| 52,501 (31 March 2016: 52,501, 1 April 2015: 52,501) equity shares of Optel Telecommunications Limited (₹ 10 each, fully paid up) | -* | -* | -* |
| 7,08,400 (31 March 2016: 7,08,400, 1 April 2015: 7,08,400) equity shares of Sanghi Polyesters Limited (₹ 10 each, fully paid up) | -* | -* | -* |
| 10 (31 March 2016: 10, 1 April 2015: 10) equity shares of Reliance Industries Limited (₹ 10 each, fully paid up) | -** | -** | -** |
| 72,601 (31 March 2016: 72,601, 1 April 2015: 72,601) equity shares of Balasore Alloys Limited (₹ 5 each, fully paid up) | 0.50 | 0.11 | 0.11 |
| Nil (31 March 2016 : Nil, 1 April 2015 : 75,09,200) equity shares of Indorama Ventures Public Company Limited, Thailand (Baht 1 each, fully paid up) | - | - | 37.51 |
| | 0.50 | 0.11 | 37.62 |
| Quoted preference shares | | | |
| 8,92,000 (31 March 2016: 8,92,000, 1 April 2015: 8,92,000) 0.01% cumulative redeemable preference shares of JSW Steel Limited (₹ 10 each, fully paid up) | 0.72 | 0.63 | 0.57 |
| Unquoted equity shares | | | |
| Equity share (lower of cost or fair value) | | | |
| Nil (31 March 2016: 6,03,00,000, 1 April 2015: Nil) equity shares of Indo Rama Renewables Jath Limited (wholly owned subsidiary) (refer note 42) (₹ 10 each, fully paid up) | - | 60.30 | - |
| | 1.22 | 61.04 | 38.19 |
| Aggregate amount of quoted investments | 1.69 | 1.69 | 2.52 |
| Market value of quoted investments | 1.22 | 0.74 | 38.19 |
| Aggregate amount of unquoted investments | - | 60.30 | - |

* Fair value of the investments are ₹ Nil (31 March 2016: ₹ Nil 1 April 2015: ₹ Nil)

** ₹ 13,209 (31 March 2016: ₹ 10,452 1 April 2015: ₹ 8,361)

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

7. Loans

See accounting policy in note 2(o)

| | Non-current | | | Current | | |
|---|-------------|-------------|--------------|----------|--------------|----------|
| | As at | As at | As at | As at | As at | As at |
| | 31 March | 31 March | 1 April | 31 March | 31 March | 1 April |
| | 2017 | 2016 | 2015 | 2017 | 2016 | 2015 |
| Unsecured considered good, unless otherwise stated | | | | | | |
| Security deposits | 2.43 | 1.97 | 1.72 | - | - | - |
| Loans and advances to related parties (refer note 34)* | - | - | 15.88 | - | 15.88 | - |
| | 2.43 | 1.97 | 17.60 | - | 15.88 | - |

* Includes loan given to subsidiary as at 1 April 2015 ₹ 15.88 crores pursuant to common control business combination. (refer note 45).

8. Other financial assets

See accounting policy in note 2 (o)

| | Non-current | | | Current | | |
|-------------------------------------|-------------|-------------|-------------|--------------|--------------|--------------|
| | As at | As at | As at | As at | As at | As at |
| | 31 March | 31 March | 1 April | 31 March | 31 March | 1 April |
| | 2017 | 2016 | 2015 | 2017 | 2016 | 2015 |
| Surrender value of keyman insurance | 6.43 | 5.57 | 4.80 | - | - | - |
| Claims and other receivables | - | - | - | 65.67 | 62.72 | 51.76 |
| Forward cover receivable | - | - | - | 5.84 | 14.51 | 13.90 |
| Interest accrued on deposits | - | - | - | 2.47 | 6.92 | 2.73 |
| Fixed deposits # | 0.98 | - | - | - | - | - |
| Other advances | 0.69 | 0.69 | 0.64 | - | - | - |
| Advance to employees* | - | - | - | 1.62 | 0.74 | 1.06 |
| | 8.10 | 6.26 | 5.44 | 75.60 | 84.89 | 69.45 |

Pledged with bank for credit limits.

* Includes advance acquired from subsidiary pursuant to common control business combination as at 1 April 2015 ₹ 0.01 crores (refer note 45)

9. Income tax

See accounting policy in note 2(v)

A. Recognition of deferred tax assets and liabilities

| | Deferred tax assets | | Deferred tax (liabilities) | | Net deferred tax assets (liabilities) | |
|--|---------------------|---------------|----------------------------|-----------------|---------------------------------------|----------|
| | As at | | As at | | As at | |
| | 31 March | 31 March | 31 March | 31 March | 31 March | 31 March |
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Property, plant and equipment | - | - | (183.45) | (185.93) | (183.45) | (185.93) |
| Investment at FVTPL | 0.88 | 1.05 | - | - | 0.88 | 1.05 |
| Employee benefit | 4.99 | 4.54 | - | - | 4.99 | 4.54 |
| Provision for doubtful debts and advances | 2.05 | 1.69 | - | - | 2.05 | 1.69 |
| Brought forward business loss | 25.61 | - | - | - | 25.61 | - |
| Brought forward unabsorbed depreciation | 203.83 | 178.68 | - | - | 203.83 | 178.68 |
| Other items | 0.24 | 0.09 | (0.07) | (0.12) | 0.17 | (0.03) |
| | 237.60 | 186.05 | (183.52) | (186.05) | 54.08 | - |
| Offsetting of deferred tax assets and deferred tax liabilities | (183.52) | (186.05) | 183.52 | 186.05 | - | - |
| Net deferred tax assets | 54.08 | - | - | - | 54.08 | - |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

B. Movement in temporary differences

| | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Opening balance of deferred tax asset (liability) (refer note 41) | - | (130.91) |
| Tax income during the period recognised in profit or loss (refer note 41) | 53.98 | 131.65 |
| Tax income/(expense) during the period recognised in OCI | 0.10 | (0.74) |
| Closing balance of deferred tax asset (net) | 54.08 | - |

C. Unrecognised deferred tax assets

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|----------------------------|---------------------|----------------------------|
| | Gross amount | Unrecognised tax effect | Gross amount | Unrecognised tax effect |
| Brought forward unabsorbed depreciation | 489.07 | 169.26 | 486.91 | 168.51 |

Deferred tax assets have not been recognised in respect of above items, because it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

D. Effective tax rate

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|----------------|---------------------|-----------------|
| | Percentage (%) | Amount | Percentage (%) | Amount |
| Loss before tax including OCI | - | (138.21) | - | (94.62) |
| Tax expense as per statutory income tax rate | 34.61% | (47.83) | 34.61% | (32.75) |
| DTA recognised due to temporary differences of previous years (refer note 41) | - | - | 103.74% | (98.16) |
| DTA arising due to indexation benefit on sale of shares | 4.56% | (6.30) | - | - |
| Net tax impact on deduction/ disallowances/ taxable income as per Income Tax Act 1961 | -(0.04%) | 0.05 | - | - |
| Income tax reported in Statement of Profit and Loss and effective tax rate | 39.13% | (54.08) | 138.35% | (130.91) |

10. Other tax assets (net)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--|------------------------|------------------------|-----------------------|
| Non-current | | | |
| Advance tax [net of provisions of ₹ 106.42 crores (31 March 2016: ₹ 106.42 crores, 1 April 2015: ₹ 106.42 crores)] | 11.53 | 11.29 | 10.46 |
| | 11.53 | 11.29 | 10.46 |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

11. Other assets

| | Non-current | | | Current | | |
|--|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Capital advances* | 0.51 | 1.80 | 6.48 | - | - | - |
| Claims and other receivables | 10.89 | 8.35 | 8.05 | 81.24 | 56.42 | 48.65 |
| Customs and excise duties | - | - | - | 22.84 | 43.01 | 37.50 |
| Prepaid expenses | - | - | - | 4.34 | 5.37 | 5.04 |
| National Savings Certificates Vllth issue (pledged with sales tax authorities) ** | -** | -** | -** | - | - | - |
| Advance rent | 0.02 | 0.08 | 0.14 | 0.06 | 0.06 | 0.05 |
| Advances to vendors | 2.84 | 1.80 | 1.80 | 28.26 | 11.65 | 26.01 |
| Less: provision for doubtful advances | (2.84) | (1.80) | (1.80) | - | - | - |
| | 11.42 | 10.23 | 14.67 | 136.74 | 116.51 | 117.25 |

* Includes capital advances paid by subsidiaries ₹ 3.76 crores acquired pursuant to common control business combination as at 1 April 2015. (Refer Note 45)

** ₹ 4,000 (31 March 2016: ₹ 4,000, 1 April 2015: ₹ 4,000)

12. Inventories

See accounting policy in notes 2(g)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Raw materials [include in transit ₹ 44.09 crores (31 March 2016: ₹ 7.93 crores, 1 April 2015: ₹ 84.92 crores)]* | 68.96 | 102.77 | 152.27 |
| Work-in-progress* | 15.73 | 19.76 | 14.08 |
| Finished goods*[include in transit ₹ 18.18 crores (31 March 2016: ₹ 4.99 crores, 1 April 2015: ₹ 8.59 crores)] | 87.48 | 112.52 | 91.04 |
| Stores and spares # [include in transit ₹ 0.01 crores (31 March 2016: Nil, 1 April 2015: ₹ 0.05 crores)] | 13.96 | 13.95 | 13.01 |
| Packing material # | 3.28 | 4.12 | 2.64 |
| Waste \$ | 5.17 | 3.59 | 0.44 |
| | 194.58 | 256.71 | 273.48 |

* valued at the lower of cost and net realisable value. The inventories were reduced by ₹ 5.28 crores (31 March 2016: ₹ 1.50 crores, 1 April 2015: ₹ 1.10 crores) on account of net realisable value being lower than the cost.

valued at cost or under

\$ at realisable value

The carrying amount of inventories is pledged as security for borrowings (refer note 16 and 17).

13. Trade receivables

See accounting policy in notes 2(o)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------------|------------------------|------------------------|-----------------------|
| Unsecured, considered good | 133.20 | 198.09 | 115.00 |
| Doubtful | 3.08 | 3.08 | 3.46 |
| | 136.28 | 201.17 | 118.46 |
| Less: allowance for doubtful debts | (3.08) | (3.08) | (3.46) |
| | 133.20 | 198.09 | 115.00 |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

All the trade receivables are due immediately. In case of delay beyond 10 days, the interest is generally recovered at the rate of 18% upto 30 days from the date of invoice and if the delay is beyond 30 days, it is recovered at the rate of 24% from the date of invoice. Average recovery rate of interest from overdue trade receivables in past years was 12-14%.

The Company's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 31.

The trade receivables are also pledged as security towards borrowings (refer note 16 and 17)

14. Cash and cash equivalents

See accounting policy in notes 2(q)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------|------------------------|------------------------|-----------------------|
| Balance with banks | | | |
| Current accounts | 4.47 | 5.77 | 11.02 |
| Fixed deposits | 1.07 | - | 12.44 |
| Cash on hand | 0.36 | 0.93 | 0.28 |
| | 5.90 | 6.70 | 23.74 |

* Includes ₹ 0.04 crores towards bank balances and ₹ 0.01 crores towards cash in hand acquired from subsidiaries pursuant to common control business combination as at 1 April 2015 (refer note 45)

14.1 Bank balances other than cash and cash equivalents

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------|------------------------|------------------------|-----------------------|
| Fixed deposits # | 52.97 | 68.57 | 31.53 |
| Balance with banks | | | |
| Unpaid dividend \$ | 0.46 | 0.39 | 0.38 |
| Margin money accounts ** | 10.65 | 7.60 | 0.08 |
| | 64.08 | 76.56 | 31.99 |

Pledged with bank for credit limits (refer note 17)

\$ Earmarked against the corresponding provision.

** Pledged with banks for performance guarantees issued to government authorities on behalf of the Company.

15. Equity share capital

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Authorised | | |
| 23,51,00,000 (31 March 2016 and 1 April 2015: 18,50,00,000) equity shares of ₹ 10 each | 235.10 | 185.00 |
| Issued, subscribed and fully paid up | | |
| 15,18,22,242 (31 March 2016 and 1 April 2015: 15,18,22,242) equity shares of ₹ 10 each fully paid-up | 151.82 | 151.82 |
| | 151.82 | 151.82 |

Notes:

1. During the current year and in the previous years, there have been no movements in the number of outstanding equity shares.

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

2. The Company has only one class of equity shares, having a par value of ₹ 10 each. Each shareholder is eligible to one vote per share held, except for shares held against Global Depository Receipts (GDR). The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

3. Shares in the Company held by each shareholder holding more than 5% (also refer note 4 below) are as under:

| Names | As at 31 March 2017 | | As at 31 March 2016 | |
|--|---------------------|------------------|---------------------|------------------|
| | Number of shares | % of shares held | Number of shares | % of shares held |
| Brookgrange Investments Limited | 5,04,96,057 | 33.26 | 4,32,88,057 | 28.51 |
| Mr.O.P. Lohia (Chairman and Managing Director) | 3,79,84,000 | 25.02 | 3,79,84,000 | 25.02 |
| Mrs.Urmila Lohia | 1,81,84,518 | 11.98 | 1,81,84,518 | 11.98 |
| APMS Investment Fund Limited | 1,26,52,175 | 8.33 | 1,26,52,175 | 8.33 |
| | 11,93,16,750 | 78.59 | 11,21,08,750 | 73.84 |

4. Above equity shares of ₹ 10 each include 3,082,560 (31 March 2016 and 1 April 2015 : 10,290,560) equity shares (representing 2.03% (31 March 2016 and 1 April 2015 : 6.78%) of total number of shares), outstanding against Global Depository Receipts (GDR), each GDR comprising 8 underlying fully paid up equity shares of ₹ 10 each, outstanding against 385,320 GDRs (31 March 2016 and 1 April 2015 : 1,286,320). Since, the same are held by depository, details of individual beneficiaries is not available with the Company.

5. The Company does not have any holding/ultimate holding company.

6. Authorised share capital of the Company has increased pursuant to common control business combination.

15.1. Other equity

| | As at 31 March 2017 | As at 31 March 2016 |
|--|---------------------|---------------------|
| a. Capital reserve | | |
| As at the beginning and at the end of the year | 20.38 | 20.38 |
| b. Securities premium account | | |
| As at the beginning and at the end of the year | 166.22 | 166.22 |
| c. General reserve | | |
| As at the beginning and at the end of the year | 58.13 | 58.13 |
| d. Surplus in the Statement of Profit and Loss | | |
| Opening balance | 206.26 | 188.89 |
| (Reduction) / addition | (84.03) | 35.64 |
| Less: Dividend | (15.18) | (15.18) |
| Less: Dividend distribution tax | (3.09) | (3.09) |
| Closing balance | 103.96 | 206.26 |
| e. Items of OCI - Remeasurements of the net defined benefit liability | | |
| Opening balance | 1.39 | - |
| Other comprehensive income for the year (net of taxes) | (0.20) | 1.39 |
| Closing balance | 1.19 | 1.39 |
| | 349.88 | 452.38 |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Nature of reserves

Capital reserve

It comprises of money received against forfeiture of equity shares and preference share warrants. It is not available for distribution as dividend. It is utilised in accordance with the provisions of Companies Act 2013.

Securities premium account:

It is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.

General reserve

Free reserve to be utilised as per provisions of Companies Act, 2013.

16. Borrowings

| | Non-current | | | Current maturities | | |
|--|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Secured loan | | | | | | |
| Term loans - from banks | | | | | | |
| Rupee loans from banks | 45.59 | 44.73 | 71.41 | 34.23 | 26.71 | 23.73 |
| Foreign currency loans from banks | 33.80 | 53.92 | 35.92 | 24.00 | 17.98 | 36.00 |
| | 79.39 | 98.65 | 107.33 | 58.23 | 44.69 | 59.73 |
| Less : current maturities presented in note 18. | - | - | - | (58.23) | (44.69) | (59.73) |
| | 79.39 | 98.65 | 107.33 | - | - | - |
| Unsecured loan | | | | | | |
| Deferred payment liabilities | | | | | | |
| Deferred payment liabilities towards acquisition of fixed assets | 1.55 | - | - | 0.36 | - | - |
| Less : current maturities presented in note 18. | - | - | - | (0.36) | - | - |
| | 80.94 | 98.65 | 107.33 | - | - | - |

| Nature of security | Terms of repayment |
|--|---|
| a) Rupee term loans from banks with carrying amount: | |
| i) of ₹ Nil crore (31 March 2016: ₹ 2.64 crores, 1 April 2015: ₹ 7.92 crores) are secured by specific charge over specific assets purchased under the loan agreement. | Repayable in 18 equal quarterly installments of ₹ 1.33 crores each commencing from June 2012, along with interest at bank rate plus 1.5%. |
| ii) of ₹ 11 crores (31 March 2016: ₹ 15.12 crores, 1 April 2015: ₹ 20.64 crores) are secured by exclusive charge on the captive power plant at Butibori, Maharashtra. | Repayable in 18 equal quarterly installments of ₹ 1.39 crores each commencing from 30 September 2014 along with interest at 3.25% over base rate. |
| iii) of ₹ 34.82 crores (31 March 2016: ₹ 52.92 crores, 1 April 2015: ₹ 65.35 crores) are secured primarily by first pari-passu charge on the current assets and collaterally by first pari-passu charge on the fixed assets of the company. Further, the same is secured by the personal guarantee of promoters, i.e., Mr. Om Prakash Lohia and Mr. Vishal Lohia. | Repayable in 8 equal quarterly installments of ₹ 3.12 crores each commencing from 30 September 2014 and 10 equal quarterly installments of ₹ 5 crores thereafter, along with interest at 3% over base rate. |
| iv) of ₹ 32.33 crores (31 March 2016 and 1 April 2015: ₹ Nil) are secured primarily by first pari-passu charge on entire movable and immovable fixed assets of the company, both present and future and collaterally by second pari-passu charge on entire current assets including raw materials, finished goods, stock-in-process, consumables, stores and spares at the Company's factory premises or at such places as may be approved by the bank from time to time including stocks-in-transit, book debts, receivables, on pari-passu basis with other banks. | Repayable in 6 equal monthly installments of ₹ 0.62 crores each commencing from June 2017 to Nov 2017, 24 equal monthly installments of ₹ 0.74 crore from Dec 2017 to Nov 2019, 12 equal monthly installments of ₹ 0.93 crore from Dec 2019 to Nov 2020, along with interest at 2.50% over base rate. |

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(All amounts in ₹ crores, unless otherwise stated)

| Nature of security | Terms of repayment |
|---|---|
| v) aggregating to ₹ 1.67 crores (31 March 2016 ₹ 0.76 crores, 1 April 2015 ₹ 1.23 crores) are secured by hypothecation of specific vehicles. | (a) ₹ Nil crores (previous year ₹ Nil crores, ₹ 0.05 crores) repayable in 36 monthly instalments commencing from January 2013. (b) ₹ 0.17 crores (previous year ₹ 0.56 crores, ₹ 0.91 crores) repayable in 36 monthly instalments commencing from September 2014. (c) ₹ 0.02 crores (previous year ₹ 0.08 crores, ₹ 0.14 crores) repayable in 36 monthly instalments commencing from June 2014. (d) ₹ 0.01 crores (Previous year ₹ 0.05 crores, ₹ 0.08 crores) repayable in 36 monthly instalments commencing from May 2014. (e) ₹ 0.01 crores (previous year ₹ 0.03 crores, ₹ 0.05 crores) repayable in 36 monthly instalments commencing from June 2014. (f) ₹ 0.02 crores (previous year ₹ 0.04 crores) repayable in 36 monthly instalments commencing from Nov 2015. (g) ₹ 0.96 crores (previous year ₹ Nil) repayable in 36 monthly instalments commencing from July 2016. (h) ₹ 0.23 crores (previous year ₹ Nil) repayable in 36 monthly instalments commencing from Aug 2016. (i) ₹ 0.25 crores (previous year ₹ Nil) repayable in 36 monthly instalments commencing from July 2016. The outstanding amount of borrowings taken from vehicles is ₹ 1.67 crores (previous year ₹ 0.76 crores, ₹ 1.23 crores) out of which current maturity payable next year amounts to ₹ 0.82 crores (previous year ₹ 0.53 crores, ₹ 0.51 crores). |
| b) Foreign currency term loans from banks: | |
| i) of ₹ 36.78 crores (31 March 2016 ₹ 46.40 crores, 1 April 2015 ₹ 45.46 crores), are secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat. | The outstanding loan is repayable in 8 semi-annual installments in April and October every year with interest at six months EURIBOR plus 0.95%. The loan is to be repaid by October 2019. Amount payable within one year amounts to ₹ 15.46 crores (Previous year ₹ 11.60 crores, ₹ 22.77 crores). |
| ii) of ₹ 21.02 crores (31 March 2016 ₹ 25.50 crores, 1 April 2015 ₹ 26.46 crores) are secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat. | The outstanding loan is repayable in 8 semi-annual installments in April and October every year with interest at six months LIBOR plus 0.95%. The loan is to be repaid by October 2019. Amount payable within one year amounts to ₹ 8.54 crores (Previous year ₹ 6.38 crores, ₹ 13.23 crores). |

17. Borrowings

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Secured loan | | | |
| Cash credit and working capital facilities from banks | 167.78 | 177.72 | 204.94 |
| | 167.78 | 177.72 | 204.94 |

Loans are secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores and spares, packing material, goods at port/in transit/under shipment, outstanding money, book debts, receivables and other current assets of the Company, both present (valued at ₹ 609.24 crores (31 March 2016: ₹ 816.40 crores, 1 April 2015: ₹ 669.11 crores) and future. These are further secured by a second charge on all the immovable properties of the Company, both present and future (refer note 3).

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(All amounts in ₹ crores, unless otherwise stated)

Details of delays in the repayment of dues (cash credit accounts) to banks and amount in default outstanding as at 31 March 2017 are as below:

| Bank Name | Nature of loan | Total amount delayed | No of days | Amount outstanding as at 31 March 2017 |
|---------------------------|----------------|----------------------|--------------|--|
| Bank of India | Overdrawn | 242.67 | 1 to 48 days | 11.79 |
| HDFC Bank | Overdrawn | 71.18 | 2 to 59 days | - |
| Punjab National Bank | Overdrawn | 114.83 | 1 to 67 days | 12.64 |
| State Bank of India | Overdrawn | 109.38 | 4 to 34 days | 14.68 |
| State Bank of Travancore | Overdrawn | 141.5 | 1 to 63 days | - |
| Oriental Bank of Commerce | Overdrawn | 116.34 | 5 to 46 days | 14.92 |
| Axis Bank | Overdrawn | 104.52 | 1 to 77 days | 0.05 |

18. Other financial liabilities

See accounting policies in notes 2(o)

| | Non-current | | | Current | | |
|--|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Current maturities of long-term borrowings (refer note 16) | - | - | - | 58.23 | 44.69 | 59.73 |
| Current maturities of deferred payment liabilities (refer note 16) | - | - | - | 0.36 | - | - |
| Interest accrued but not due on borrowings | - | - | - | 2.69 | 0.67 | 0.62 |
| Unpaid dividends* | - | - | - | 0.46 | 0.39 | 0.38 |
| Forward cover payable | - | - | - | 1.27 | - | - |
| Lease equalization reserve | 0.10 | 0.37 | 0.64 | 0.27 | 0.27 | 0.17 |
| Payable to employees | - | - | - | 17.87 | 18.65 | 16.15 |
| Creditors towards fixed assets # | - | - | - | 7.52 | 42.23 | 8.38 |
| | 0.10 | 0.37 | 0.64 | 88.67 | 106.90 | 85.43 |

Note:

* There are no outstanding dues to be paid to Investor Education and Protection Fund.

includes amounts payable to micro enterprises and small enterprises ₹ Nil (31 March 2016 and 1 April 2015: ₹ Nil).

19. Provisions

See accounting policy in notes 2(i)

| | Non-current | | | Current | | |
|--|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Provision for employee benefits (refer note 32) | | | | | | |
| Gratuity | 13.35 | 12.11 | 12.65 | 1.08 | 1.01 | 1.00 |
| Compensated absences | 7.42 | 6.68 | 7.25 | 1.77 | 1.95 | 1.86 |
| | 20.77 | 18.79 | 19.90 | 2.85 | 2.96 | 2.86 |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

20. Trade payables

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Total outstanding dues of micro enterprises and small enterprises (refer note 40) | 0.70 | 0.03 | - |
| Others * | 703.38 | 734.86 | 542.88 |
| | 704.08 | 734.89 | 542.88 |

* Includes credit balances merged as at 1 April 2015 ₹ 0.03 crores pursuant to business combination (refer note 45)

21. Other current liabilities

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------------------|------------------------|------------------------|-----------------------|
| Advances from customers | 22.93 | 22.31 | 12.55 |
| Statutory dues payable | | | |
| Excise duty on finished goods | 9.12 | 12.92 | 8.91 |
| Customs duty | 5.15 | 14.11 | 15.00 |
| Tax deducted at source | 2.44 | 2.45 | 0.88 |
| Other statutory dues | 1.25 | 1.13 | 1.07 |
| | 40.89 | 52.92 | 38.41 |

22. Revenue from operations

See accounting policy in note 2(j)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| a) Sale of products (including excise duty); | | |
| Finished goods | 2,651.58 | 2,714.69 |
| | 2,651.58 | 2,714.69 |
| b) Other operating income; | | |
| Scrap sales | 11.67 | 11.24 |
| VAT refund | 26.07 | 29.76 |
| Interest from customers | 6.68 | 13.91 |
| Interest on insurance claims [refer note 39 (b)] | 2.92 | 10.95 |
| Others | 2.13 | 5.05 |
| | 49.47 | 70.91 |
| | 2,701.05 | 2,785.60 |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

23. Other income

See accounting policies in note 2(j)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Interest income on fixed deposits | 4.35 | 4.83 |
| Unwinding of discount on security deposits | 0.07 | 0.07 |
| Profit on sale of current investments (net) * | 23.61 | - |
| Reversal of provision for diminution in the value of current investments | 0.48 | 0.05 |
| Dividend income from current investments | 0.01 | 0.60 |
| | 28.52 | 5.55 |

* Includes profit on sale of investment in subsidiary ₹ 23.54 crores (refer note 42)

24. Cost of raw materials consumed

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Purified terephthalic acid | 1,307.06 | 1,346.81 |
| Mono ethylene glycol | 534.74 | 607.63 |
| Others | 81.98 | 68.97 |
| | 1,923.78 | 2,023.41 |
| Less: write down of inventory, considered as exceptional item (refer note 43) | - | (4.09) |
| | 1,923.78 | 2,019.32 |

25. Decrease / (increase) in inventory

| | Year ended 31 March 2017 | Year ended 31 March 2016 | Increase / (decrease) |
|---|-----------------------------|-----------------------------|--------------------------|
| Inventories at the end of the year | | | |
| - Finished goods | 87.48 | 112.52 | |
| -Work-in-progress | 15.73 | 19.76 | |
| -Waste | 5.17 | 3.59 | 108.38 |
| | 108.38 | 135.87 | (27.49) |
| Inventories at the beginning of the year | | | |
| - Finished goods | 112.52 | 91.04 | |
| -Work in progress | 19.76 | 14.08 | |
| -Waste | 3.59 | 0.44 | 105.56 |
| | 135.87 | 105.56 | 30.31 |
| | 27.49 | (30.31) | 2.82 |
| Write down of inventory, considered as exceptional item (refer note 43) | - | (22.59) | 22.59 |
| | 27.49 | (52.90) | 25.41 |

26. Employee benefits expense

See accounting policy in note 2(i)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus | 94.63 | 95.66 |
| Contribution to provident and other funds (refer note 32) | 5.20 | 5.11 |
| Staff welfare expenses | 4.70 | 4.97 |
| | 104.53 | 105.74 |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

27. Other expenses

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Consumption of stores and spares | 27.06 | 27.29 |
| Power and fuel | 200.67 | 165.17 |
| Rent and hire charges (refer note 35) | 6.94 | 6.82 |
| Repairs and maintenance | 21.54 | 24.39 |
| Insurance | 1.48 | 1.61 |
| Less: recovery | 0.46 | 1.02 |
| Packing materials consumed | 59.61 | 55.14 |
| Freight and forwarding charges | 111.59 | 103.24 |
| Less: recovery | 75.14 | 36.45 |
| Brokerage and commission on sales (other than to selling agents) | 11.18 | 10.00 |
| Cash discounts and claims | 8.84 | 10.60 |
| Directors' sitting fees | 0.08 | 0.09 |
| Legal and professional charges | 7.91 | 5.40 |
| Auditor's remuneration | | |
| - for audit | 0.39 | 0.42 |
| - for other services | 0.24 | 0.27 |
| - for reimbursement of out of pocket expenses | 0.05 | 0.05 |
| Donations | 0.04 | 0.04 |
| Corporate social responsibility expenses (refer note 44) | 0.20 | 0.12 |
| Allowance for doubtful debts and advances | 6.34 | 0.45 |
| Loss on discard / disposal of fixed assets | 0.18 | 0.09 |
| Increase in excise duty on stocks of finished goods and waste | (3.79) | 4.01 |
| Loss on fair valuation of investments | - | 8.51 |
| Miscellaneous expenses | 32.05 | 33.61 |
| | 417.00 | 379.11 |

28. Finance costs

See accounting policies in note 2(I)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Interest | | |
| On fixed loans using effective interest rate method | 0.22 | 0.18 |
| On working capital | 11.74 | 12.65 |
| Others | 40.91 | 16.34 |
| Bank charges | 24.45 | 18.59 |
| Remeasurement of actuarial interest cost (refer note 32) | 1.78 | 1.84 |
| Other borrowing costs | 11.98 | 4.08 |
| | 91.08 | 53.68 |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

29. Depreciation and amortisation expense

See accounting policies in note 2(d)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Depreciation on property, plant and equipment (refer note 3) | 79.48 | 77.69 |
| Amortisation on intangible assets | - | 0.05 |
| | 79.48 | 77.74 |

30. Earning per share

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| a) Net Profit / (loss) for basic and diluted EPS | (84.03) | 35.64 |
| b) Number of equity shares at the beginning and at the end of the year | 15,18,22,242 | 15,18,22,242 |
| Total number of shares outstanding at the end of the year | 15,18,22,242 | 15,18,22,242 |
| Basic and diluted (loss) / earning per share-(₹) | (5.53) | 2.35 |

31. Financial instruments - accounting classifications and fair value measurements

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 a forced or liquidation sales.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash, trade and other short-term receivables, intercompany receivables, payables, loans and advances and other current liabilities approximated their carrying amounts largely due to the short-term maturities of these instruments.
2. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. Fair value is generally determined using discounted cash flow analysis.

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

A. Accounting classifications and fair values

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As at 31 March 2017

| Financial instruments by category | Carrying amount | Fair value | | |
|---|-----------------|-------------|---------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised costs | | | | |
| Security deposits (non-current) | 2.43 | - | - | 2.43 |
| Fixed deposits (non-current) | 0.98 | - | - | 0.98 |
| Financial assets at FVTPL | | | | |
| Current investments | 1.22 | 1.22 | - | - |
| Surrender value of keyman insurance | 6.43 | - | 6.43 | - |
| Forward cover receivable (net) | 5.84 | - | 5.84 | - |
| Financial assets where fair value is same as carrying value | | | | |
| Trade receivables | 133.20 | - | - | - |
| Cash and cash equivalents | 5.90 | - | - | - |
| Bank balances other than cash and cash equivalents | 64.08 | - | - | - |
| Claims and other receivables | 65.67 | - | 65.67 | - |
| Others | 4.78 | - | - | - |
| Total | 290.53 | 1.22 | 77.94 | 3.41 |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | | | | |
| Borrowings - term loans from banks | 137.62 | - | 137.62 | - |
| Deferred payment liabilities | 1.91 | - | 1.91 | - |
| Financial liabilities where fair value is same as carrying value | | | | |
| Trade payables | 704.08 | - | - | - |
| Short-term borrowings | 167.78 | - | - | - |
| Payable to employees | 17.87 | - | - | - |
| Creditors towards fixed assets | 7.52 | - | - | - |
| Other financial liabilities | 4.79 | - | - | - |
| Total | 1,041.57 | - | 139.53 | - |
| Financial assets recorded as | | | | |
| Non-current | 10.53 | | | |
| Current | 280.00 | | | |
| | 290.53 | | | |
| Financial liability recorded as | | | | |
| Non-current | 81.04 | | | |
| Current | 960.53 | | | |
| | 1,041.57 | - | | |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

As at 31 March 2016

| Financial Instruments by category | Carrying amount | Fair value | | |
|---|-----------------|-------------|---------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised costs | | | | |
| Security deposits (non-current) | 1.97 | - | - | 1.97 |
| Financial assets at FVTPL | | | | |
| Current investments | 0.74 | 0.74 | - | - |
| Surrender value of keyman insurance | 5.57 | - | 5.57 | - |
| Forward cover receivable (net) | 14.51 | - | 14.51 | - |
| Financial assets where fair value is same as carrying value | | | | |
| Trade receivables | 198.09 | - | - | - |
| Cash and cash equivalents | 6.70 | - | - | - |
| Bank balances other than cash and cash equivalents | 76.56 | - | - | - |
| Investments in subsidiary | 60.30 | - | - | - |
| Claims and other receivables | 62.72 | - | 62.72 | - |
| Others | 24.23 | - | - | - |
| Total | 451.39 | 0.74 | 82.80 | 1.97 |
| Financial Liabilities | | | | |
| Financial Liabilities at amortised cost | | | | |
| Borrowings - term loans from banks | 143.34 | - | 143.34 | - |
| Financial liabilities where fair value is same as carrying value | | | | |
| Trade payables | 734.89 | - | - | - |
| Short-term borrowings | 177.72 | - | - | - |
| Payable to employees | 18.65 | - | - | - |
| Creditors towards fixed assets | 42.23 | - | - | - |
| Other financial liabilities | 1.70 | - | - | - |
| Total | 1,118.53 | - | 143.34 | - |
| Financial assets recorded as | | | | |
| Non-current | 8.23 | | | |
| Current | 443.16 | | | |
| | 451.39 | | | |
| Financial liability recorded as | | | | |
| Non-current | 99.02 | | | |
| Current | 1,019.51 | | | |
| | 1,118.53 | | | |

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

As at 1 April 2015

| Financial instruments by category | Carrying amount | Fair value | | |
|---|-----------------|--------------|---------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised costs | | | | |
| Security deposits (non-current) | 1.72 | - | - | 1.72 |
| Financial assets at FVTPL | | | | |
| Current investments | 38.19 | 38.19 | - | - |
| Surrender value of keyman insurance | 4.80 | - | 4.80 | - |
| Forward cover receivable (net) | 13.90 | - | 13.90 | - |
| Financial Assets where fair value is same as carrying value | | | | |
| Trade receivables | 115.00 | - | - | - |
| Cash and cash equivalents | 23.74 | - | - | - |
| Bank balances other than cash and cash equivalents | 31.99 | - | - | - |
| Investments in subsidiary | 60.30 | - | - | - |
| Claims and other receivables | 51.76 | - | 51.76 | - |
| Others | 20.31 | - | - | - |
| Total | 361.71 | 38.19 | 70.46 | 1.72 |
| Financial Liabilities | | | | |
| Financial Liabilities at amortised cost | | | | |
| Borrowings - term loans from banks | 167.06 | - | 167.06 | - |
| Financial Liabilities where fair value is same as carrying value | | | | |
| Trade payables | 542.88 | - | - | - |
| Short-term borrowings | 204.94 | - | - | - |
| Payable to employees | 16.15 | - | - | - |
| Creditors towards fixed assets | 8.38 | - | - | - |
| Other financial liabilities | 1.81 | - | - | - |
| | 941.22 | - | 167.06 | - |
| Financial assets recorded as | | | | |
| Non-current | 83.34 | | | |
| Current | 278.37 | | | |
| | 361.71 | | | |
| Financial liability recorded as | | | | |
| Non-current | 107.97 | | | |
| Current | 833.25 | | | |
| | 941.22 | | | |

B. Measurement of fair values

Assets and liabilities are to be measured based on the following valuation techniques:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

Cost approach – Replacement cost method.

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments which are traded in stock exchanges and valued using closing price at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on the conditions existing at the end of each reporting period.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation processes are described in note 2(q).

Financial instruments measured at fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|-------------------------------------|--|---------------------------------|---|
| Deposit* | Discounted cash flows: The valuation model considers the present value of receivables, discounted using a risk adjusted discount rate. | Risk adjusted discount rate. | Not applicable |
| Surrender value of keyman insurance | Valuation as received and confirmed by the insurer | Not applicable | Not applicable |
| Forward exchange contracts | Derivative financial instruments consist of foreign currency forward exchange contracts. Fair values for derivative financial instruments are based on broker quotations and are classified as Level 2 | Not applicable | Not applicable |
| Unquoted investments** | Based on the net worth of the investee Company and proportionate investment by the Company | Not applicable | Not applicable |
| Claims and other receivables | Amount estimated based on the estimated probability of the outcome of litigation based on the management's assessment supported by legal advice. | Not applicable | Not applicable |
| Financial liabilities*** | Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate. | Not applicable | Not applicable |

* The fair value of the deposits is computed using the discounted cash flows based on the current lending rates which is unchanged and therefore fair value of deposits is same as its carrying amount. They are classified as level 3 fair values in the fair value hierarchy due to use of unobservable inputs.

** For some of the unquoted investments, the Company have determined the fair value as NIL which is based on the net worth of the Company which is either Nil or negative.

*** Financial liabilities include secured and unsecured bank loans, convertible debentures liability component, loans from associates, finance lease obligation and other financial liabilities.

There have been no transfers between level 1, 2 and 3 during the current or previous financial year.

Reconciliation of level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

| | 31 March 2017 | 31 March 2016 |
|--|---------------|---------------|
| Balance as at 1 April | 1.97 | 1.72 |
| Fair value adjusted during the year included in 'other income' | 0.07 | 0.07 |
| Additions during the year | 1.37 | 0.18 |
| Balance as at 31 March | 3.41 | 1.97 |

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(All amounts in ₹ crores, unless otherwise stated)

Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk [see point no. (ii) below]
- liquidity risk - [see point no. (iii) below]; and
- market risk - [see point no. (iv) below]

(i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables

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 and country in which customers operate.

The risk management committee 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 review includes external informations, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the risk management committee

The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 10 days for all customer categories. In case of delay beyond 10 days, the interest is generally recovered at the rate of 18% upto 30 days from the date of invoice and if the delay in beyond 30 days, it is recovered at the rate of 24% from the date of invoice. Average recovery rate of interest from overdue trade receivables in past years was 12-14%. Most of the Company's customers have been transacting with the Company from past few years, and most of these customers' balances are not credit-impaired at the reporting date except in few cases. Identifying concentrations of credit risk requires judgement in the light of specific circumstances. The Company monitors ageing of its trade receivables regularly and based on the same takes corrective action. Trade receivables having ageing more than 180 days is monitor individually and loss allowance is created based on such assessment.

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A summary of the Company's exposure to credit risk for trade receivables based on the ageing is as follows:

| Ageing of Receivables | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
|-----------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
| | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance |
| Less than 180 days | 116.11 | - | 184.94 | - | 112.85 | - |
| More than 180 days | 20.17 | 3.08 | 16.23 | 3.08 | 5.61 | 3.46 |
| | 136.28 | 3.08 | 201.17 | 3.08 | 118.46 | 3.46 |

As the Company is recovering interest for the delays beyond the credit period, no expected loss allowances is created for the overdue balance.

The movement in the allowance for impairment in respect of trade receivables and loans is as follows:

| | 31 March 2017 | 31 March 2016 |
|---|---------------|---------------|
| Balance as at 1 April | 3.08 | 3.46 |
| Net remeasurement of loss allowance (net of reversal) | - | (0.38) |
| Balance as at 31 March | 3.08 | 3.08 |

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. The Company uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments:

| As at 31 March 2017 | Less than 1 year | 1 to 5 years | Total |
|------------------------------------|------------------|--------------|-----------------|
| Borrowings - term loans from banks | 58.23 | 79.39 | 137.62 |
| Deferred payment liabilities | 0.36 | 1.55 | 1.91 |
| Trade payables | 704.08 | - | 704.08 |
| Short-term borrowings | 167.78 | - | 167.78 |
| Payable to employees | 17.87 | - | 17.87 |
| Creditors towards fixed assets | 7.52 | - | 7.52 |
| Other financial liabilities | 4.69 | 0.10 | 4.79 |
| Total | 960.53 | 81.04 | 1,041.57 |

| As at 31 March 2016 | Less than 1 year | 1 to 5 years | Total |
|------------------------------------|------------------|--------------|-----------------|
| Borrowings - term loans from banks | 44.69 | 98.65 | 143.34 |
| Trade payables | 734.89 | - | 734.89 |
| Short-term borrowings | 177.72 | - | 177.72 |
| Payable to employees | 18.65 | - | 18.65 |
| Creditors towards fixed assets | 42.23 | - | 42.23 |
| Other financial liabilities | 1.33 | 0.37 | 1.70 |
| Total | 1,019.51 | 99.02 | 1,118.53 |

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(All amounts in ₹ crores, unless otherwise stated)

| As at 1 April 2015 | Less than 1 year | 1 to 5 years | Total |
|------------------------------------|------------------|---------------|---------------|
| Borrowings - term loans from banks | 59.73 | 107.33 | 167.06 |
| Trade payables | 542.88 | - | 542.88 |
| Short-term borrowings | 204.94 | - | 204.94 |
| Payable to employees | 16.15 | - | 16.15 |
| Creditors towards fixed assets | 8.38 | - | 8.38 |
| Other financial liabilities | 1.17 | 0.64 | 1.81 |
| | 833.25 | 107.97 | 941.22 |

As disclosed in note 16 and 17, the Company has a secured bank loan that contains a loan covenant. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement.

The interest payments on variable interest rate loans in the table above reflect spot interest rates at the reporting date and these amounts may change as market interest rates change. However, the Company doesn't expect significant different amount on account of change in market interest rate changes.

Capital Management

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 primary objective of the Company's Capital Management is to maximise the shareholder's value. Management also monitors the return on capital. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|-----------------|-----------------|-----------------|
| Total liabilities | 1,106.08 | 1,193.20 | 1,133.30 |
| Less: Cash and cash equivalents | 5.90 | 6.70 | 23.74 |
| Adjusted net debt | 1,100.18 | 1,186.50 | 1,109.56 |
| Total equity | 501.70 | 604.20 | 585.44 |
| Adjusted net debt to equity ratio | 2.19 | 1.96 | 1.90 |

iv. Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated. The currencies in which these transactions are primarily denominated are US dollars and Euro. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

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(All amounts in ₹ crores, unless otherwise stated)

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows.

As at 31 March 2017

| Particulars | Currency | Amount in foreign currency (in Mn) | Exchange rate (in absolute rupees) | Unhedge amount (in ₹ crore) |
|---|----------|------------------------------------|------------------------------------|-----------------------------|
| Trade payables | USD | 22.78 | 64.86 | 147.75 |
| | Euro | 0.18 | 69.31 | 1.25 |
| | JPY | 68.07 | 0.58 | 3.95 |
| Advances from customers | USD | 0.58 | 64.86 | 3.76 |
| Loans (including interest payable) | USD | 4.98 | 64.86 | 32.30 |
| | Euro | 5.43 | 69.31 | 37.64 |
| Receivables | USD | 7.24 | 64.86 | 46.96 |
| Capital creditors | USD | 0.44 | 64.86 | 2.85 |
| Net exposure in respect of recognised assets and liabilities | | 109.70 | | 276.46 |

As at 31 March 2016

| Particulars | Currency | Amount in foreign currency (in Mn) | Exchange rate (in absolute rupees) | Unhedge amount (in ₹ crore) |
|---|----------|------------------------------------|------------------------------------|-----------------------------|
| Trade payables | USD | 24.95 | 66.26 | 165.32 |
| | Euro | 0.01 | 75.42 | 0.11 |
| | JPY | 107.13 | 0.59 | 6.32 |
| | AED | 5.06 | 18.04 | 9.13 |
| Advances from customers | USD | 0.35 | 66.26 | 2.34 |
| Loans (including interest payable) | USD | 22.80 | 66.26 | 151.06 |
| | Euro | 6.19 | 75.42 | 46.70 |
| Capital creditors | USD | 1.72 | 66.26 | 11.42 |
| Net exposure in respect of recognised assets and liabilities | | 168.21 | | 392.40 |

As at 1 April 2015

| Particulars | Currency | Amount in foreign currency (in Mn) | Exchange rate (in absolute rupees) | Unhedge amount (in ₹ crore) |
|---|----------|------------------------------------|------------------------------------|-----------------------------|
| Trade payables | USD | 51.31 | 62.505 | 320.73 |
| Advances from customers | Euro | 0.02 | 67.21 | 0.15 |
| | JPY | 79.52 | 0.52 | 4.14 |
| | AED | 4.81 | 17.02 | 8.19 |
| | USD | 0.70 | 62.505 | 4.36 |
| Loans (including interest payable) | USD | 32.23 | 62.505 | 201.43 |
| | Euro | 6.81 | 67.21 | 45.77 |
| Net exposure in respect of recognised assets and liabilities | | 175.40 | | 584.77 |

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(All amounts in ₹ crores, unless otherwise stated)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, US dollar, Euro against all other currencies 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 amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Currency | Movement in foreign currency | 31 March 2017 | | 31 March 2016 | |
|----------|------------------------------|--------------------|--------------------|--------------------|--------------------|
| | | Increase in profit | Decrease in profit | Increase in profit | Decrease in profit |
| USD | 5% movement | 6.99 | (6.99) | 16.51 | (16.51) |
| Euro | 5% movement | 1.94 | (1.94) | 2.34 | (2.34) |
| JPY | 5% movement | 0.20 | (0.20) | 0.32 | (0.32) |
| AED | 5% movement | - | - | 0.46 | (0.46) |

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. In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Other market price risks

The Company is exposed to equity price risk, which arises from investments measured at fair value through profit or loss. The management monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee. The primary goal of the Company's investment strategy is to maximise investment returns.

Sensitivity analysis for quoted investments

| | 31 March 2017 | | 31 March 2016 | |
|------------------------|---------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Change in prices by 5% | 0.06 | (0.06) | 3.05 | (3.05) |

32. Disclosure pursuant to Ind AS 19 on "Employee benefits"

a. Defined contribution plans

An amount of ₹ 4.58 crores (31 March 2016: ₹ 4.52 crores) for the year has been recognised as an expense in respect of the Company's contributions towards Provident Fund and an amount of ₹ 0.62 crores (31 March 2016: ₹ 0.58 crores) for the year has been recognised as an expense in respect of Company's contributions towards Employee State Insurance, which are deposited with the government authorities and have been included under employee benefit expenses in the Statement of Profit and Loss.

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(All amounts in ₹ crores, unless otherwise stated)

b. Defined benefit plans

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme, whichever is more beneficial.

The following table sets forth the status of the gratuity plan of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Changes in present value of obligation | | |
| Present value of obligation as at the beginning of the year | 13.12 | 13.65 |
| Interest cost | 1.07 | 1.10 |
| Current service cost | 0.98 | 0.91 |
| Past service cost | - | - |
| Benefits paid | (1.29) | (1.33) |
| Actuarial loss / (gain) on obligation | 0.55 | (1.21) |
| Present value of obligation as at end of the year | 14.43 | 13.12 |
| - Long-term | 13.35 | 12.11 |
| - Short-term | 1.08 | 1.01 |
| | 14.43 | 13.12 |
| Expenses recognised in the Statement of Profit and Loss | | |
| Current service cost | 0.98 | 0.91 |
| Past service cost | - | - |
| Interest cost on benefit obligation | 1.07 | 1.10 |
| Expenses recognised in the Statement of Profit and Loss | 2.05 | 2.01 |
| Remeasurements losses/(gains) recognised in other comprehensive income | 0.55 | (1.21) |

The principal assumptions used in determining gratuity for the Company's plans are shown below:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|------------------------------------|-----------------------------|-----------------------------|
| Discount rate | 7.70% | 8.20% |
| Retirement age | 58 Years | 58 Years |
| Salary escalation rate (per annum) | 3.50% | 4% |
| Withdrawal rates | | |
| Age - Upto 30 years | 3% | 3% |
| 31-44 years | 2% | 2% |
| Above 44 years | 1% | 1% |
| Mortality table | IALM (2006-08) | IALM (2006-08) |

Discount rate: The discount rate is estimated based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

Salary escalation rate: The estimates of salary increases, considered in actuarial valuation, take account of inflation, promotion and other relevant factors.

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Sensitivity analysis

| Particulars | Year ended 31 March 2017 | | Year ended 31 March 2016 | |
|------------------------------|--------------------------|----------|--------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Gratuity | | | | |
| Discount rate (0.50%) | (0.65) | 0.69 | (0.63) | 0.67 |
| Future salary growth (0.50%) | 0.72 | (0.67) | 0.70 | (0.66) |

Expected contribution for the next annual reporting period

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Service cost | 1.04 | 1.02 |
| Net interest cost | 1.11 | 1.08 |
| Expected expense for the next annual reporting period | 2.15 | 2.10 |

Maturity profile of defined benefit obligation

| Year | Amount |
|--------------------|--------|
| Apr 2017- Mar 2018 | 1.08 |
| Apr 2018- Mar 2019 | 0.24 |
| Apr 2019- Mar 2020 | 0.30 |
| Apr 2020- Mar 2021 | 0.36 |
| Apr 2021- Mar 2022 | 0.46 |
| Apr 2022- Mar 2023 | 0.45 |
| Apr 2024 onwards | 11.54 |

c. Other long-term employee benefits

An amount of ₹ 1.19 crores (31 March 2016: ₹ 1.10 crores) pertains to expense towards compensated absences and included in "Employee benefit expenses".

Sensitivity analysis

| Particulars | Year ended 31 March 2017 | | Year ended 31 March 2016 | |
|------------------------------|--------------------------|----------|--------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Compensated absence | | | | |
| Discount rate (0.50%) | (0.34) | 0.37 | (0.32) | 0.34 |
| Future salary growth (0.50%) | 0.38 | (0.36) | 0.36 | (0.34) |

33. Segment information:

Basis of segmentation

An operating segment is a component 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 other components, and for which discrete financial information is available. The Company's activities/business is reviewed regularly by the Company's Board Of Directors assisted by an executive committee from an overall business perspective, rather than reviewing its products/ services as individual standalone components. The Company recognises 'Polyester' as its only operating segment since its operations consist of manufacturing of this product and related activities. Accordingly, 'Polyester' segment is the only segment comprising the basis of segmental information set out in these financial statements. Thus, the Company has only one operating segment, and no reportable segments in accordance with Ind AS-108 'Operating Segments'.

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(All amounts in ₹ crores, unless otherwise stated)

Geographical information

The geographical information analyses the Company's revenue and trade receivables from such revenue in India and other countries. In presenting the geographical information, segment revenue and receivables has been based on the geographic location of customers.

a) Revenue

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--------------|-----------------------------|-----------------------------|
| Domestic | 2,197.94 | 2,388.40 |
| Overseas* | 503.11 | 397.20 |
| Total | 2,701.05 | 2,785.60 |

*Exports to any single country are not material to be disclosed

b) Trade receivables

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------|------------------------|------------------------|-----------------------|
| Domestic | 86.60 | 158.96 | 91.36 |
| Overseas | 46.60 | 39.13 | 23.64 |
| Total | 133.20 | 198.09 | 115.00 |

34. Related parties

(i) Related parties where control exists:

| | |
|-------------------------------|---|
| (a) Wholly owned subsidiaries | Indo Rama Renewables Jath Limited (IRRJL) (up to 16 May 2016) |
|-------------------------------|---|

(ii) Other related parties with whom Company had transactions or have closing balances:

| | |
|---|---|
| (a) Key management personnel and their relatives | Mr. Mohan Lal Lohia, Chairman Emeritus Mr. Om Prakash Lohia, Chairman cum Managing Director ('CMD') Mr. Vishal Lohia, Whole Time Director ('WTD') Mr. Anant Kishore, Director (upto 8 August 2016) Mrs. Urmila Lohia, Wife of CMD Mr. Aloke Lohia, Brother of CMD Mrs. Ritika Kumar, Daughter of CMD Ms. Aruna Goenka, Sister of CMD Mrs. Rimple Lohia, Wife of WTD |
| (b) Enterprises over which key management personnel or their relatives have significant influence | Indorama Petrochem Limited, Thailand T P T Petrochemicals Public Co. Limited, Thailand PT. Indorama Petrochemicals, Indonesia |
| (c) Enterprises having significant influence on the Company | Brookgrange Investments Limited |

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(All amounts in ₹ crores, unless otherwise stated)

(iii) Transactions with related parties other than with those with key managerial personnel :

| Particulars | Wholly owned subsidiaries | Enterprises over which key management personnel or their relatives have significant influence | Enterprises having significant influence on the Company | Total |
|---|---------------------------|---|---|----------------|
| Loans (along with interest) repaid | | | | |
| IRRJL | 15.88 | - | - | 15.88 |
| | (-) | (-) | | (-) |
| Purchases of raw material | | | | |
| - Indorama Petrochem Limited | - | - | - | - |
| | (-) | (47.17) | | (47.17) |
| - TPT Petrochemicals Public Co. Limited | - | - | - | - |
| | (-) | (25.16) | | (25.16) |
| - PT. Indorama Petrochemicals | - | - | - | - |
| | (-) | (39.84) | | (39.84) |
| Dividend paid | | | | |
| - Brookgrange Investments Limited | - | - | - | - |
| | (-) | (-) | (4.33) | (4.33) |

Note : Previous year nos. have been given in brackets

**(iv) Transactions with key management personnel
Compensation**

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------|-----------------------------|-----------------------------|
| Short-term employee benefits | 5.54 | 6.01 |
| Post-employment defined benefit | 0.25 | 0.25 |
| Other long- term benefits | 1.46 | 1.54 |
| Total | 7.25 | 7.80 |

Dividend (accrual basis)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|----------------------|-----------------------------|-----------------------------|
| Mr. Om Prakash Lohia | - | 3.54 |
| Mrs. Urmila Lohia | - | 1.59 |
| Others | - | 0.68 |
| Total | - | 5.81 |

Other transactions

Personal guarantee has been given by Mr. Om Prakash Lohia (CMD) and Mr. Vishal Lohia (WTD) in respect of loan taken by the Company amounting to ₹ 34.97 crores (31 March 2016: ₹ 53.12 crores, 1 April 2015: ₹ 65.63 crores).

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

(v) Closing balances of related parties

| Particulars | Wholly owned subsidiaries | Enterprises over which key management personnel or their relatives have significant influence | Total |
|---|---------------------------|---|----------------|
| Trade payables | | | |
| - Indorama Petrochem Limited | - | 30.13 | 30.13 |
| | (-) | (52.73) | (52.73) |
| | [-] | [61.15] | [61.15] |
| - TPT Petrochemicals Public Co. Limited | - | - | - |
| | (-) | (42.47) | (42.47) |
| | [-] | [90.80] | [90.80] |
| - P T Indorama Petrochemicals | - | - | - |
| | (-) | (-) | (-) |
| | [-] | [16.95] | [16.95] |
| Loan and advances receivables | | | |
| - IRRJL | - | - | - |
| | (15.88) | (-) | (15.88) |
| | [15.88] | [-] | [15.88] |

Note: Nos. as on 31 March 2016 have been given in () whereas as on 1 April 2015 have been given in []

All transactions with these related parties are priced on an arm's length basis and none of the balances is secured.

35. Operating lease

The Company has taken office space on operating lease. The lease rentals charged during the year in respect of cancellable and non-cancellable operating leases and maximum obligations on long-term non-cancellable operating lease payable as per the rentals stated in the agreement are as follows:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|----------------------|-----------------------------|-----------------------------|
| Lease rental expense | 6.94 | 6.82 |

Future minimum lease rentals for non-cancellable operating lease

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Within one year | 1.67 | 1.67 | 1.67 |
| Later than one year and not later than five years | 0.64 | 2.31 | 3.98 |
| Total | 2.31 | 3.98 | 5.65 |

36. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note 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 to 30 December 2016. The details of SBNs and other denomination notes transacted during the above mentioned

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(All amounts in ₹ crores, unless otherwise stated)

period is given below:

| Particulars | SBNs* | Other denomination notes | Total |
|---|----------|--------------------------|-------------|
| Opening balance as at 8 November 2016 | 0.70 | 0.08 | 0.78 |
| Transactions between 9 November 2016 and 30 December 2016 | | | |
| Add : Withdrawal from bank accounts | - | 0.10 | 0.10 |
| Add : Receipt for permitted transactions | - | 0.02 | 0.02 |
| Less : Paid for permitted transactions | - | 0.14 | 0.14 |
| Less : Deposited in bank accounts | 0.70 | - | 0.70 |
| Closing balance as at 30 December 2016 | - | 0.06 | 0.06 |

* 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 8 November 2016.

37. Contingent liabilities and commitments (to the extent not provided for)

a. Contingent liabilities:

Claims against the Company not acknowledged as debts.

| Particulars | As at 31 March 2017 | As at 31 March 2016 |
|---|------------------------|------------------------|
| Income tax matters in dispute/ under appeal | 23.33 | 11.88 |
| Excise / customs / service tax matters in dispute/ under appeal | 103.33 | 92.26 |
| Sales tax/ Value Added Tax matters in dispute/ under appeal | 8.24 | 12.84 |
| Claims by ex-employees, vendors, customers and civil cases | 1.03 | 0.95 |
| Total | 135.93 | 117.93 |

Customs duty claims (including penalties) against the Company aggregating to ₹ 220.26 crores (previous year ₹ 220.26 crores) have not been considered contingent as favourable orders have been received, in some of the cases, by the Company from the Custom Excise and Service Tax Appellate Tribunal. The Company believes that its position is strong in this regard. The matter is pending with the Honorable Supreme Court.

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with 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 also believes that the above issues, when finally settled, are not likely to have any significant impact on the financial position of the Company. The Company does not expect any reimbursements in respect of the above contingent liabilities.

b. Commitments:

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 0.87 crores (31 March 2016: ₹ 28.28 crores and 1 April 2015: ₹ 36.30 crores).
- The Company has commitments to export 134,174 MT (previous year 191,549 MT) of finished goods as per foreign trade policy pursuant to import of duty free material under advance license scheme.

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38. Supplementary statutory information required to be given pursuant to Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of loans given

Interest free loans to wholly owned subsidiary given for the purpose of setting up of renewable power project, are to be converted, on mutual agreement, into equity, quasi equity or debentures or repayable on or before 31 March 2017:

| Name of Subsidiary | Balance as at 31 March 2017 | Maximum outstanding during the year 2016-17 | Balance as at 31 March 2016 | Maximum outstanding during the year 2015-16 |
|---|-----------------------------|---|-----------------------------|---|
| Indo Rama Renewables Jath Limited (refer note 34) | - | 15.88 | 15.88 | 15.88 |

39. Insurance claim receivables:

(a) The Company had lodged claims with its Insurance Company for the loss of certain assets and loss suffered due

to business interruption under loss of profit policy relating to a fire incidence at Butibori plant in 2007-08. Since, the matter has been under dispute with the Insurance Company, as per the terms and conditions of the above policy, the Company had, during the previous years, initiated the arbitration process for a claim of ₹ 72.94 crores for loss of business interruption and for the claim of ₹ 6.43 crores for loss of assets. While the said matter was pending conclusion by the Arbitral Tribunal, the Company, on a conservative basis, carried forward insurance recoverable (recorded in the financial year ended 31 March 2008) to the extent of ₹ 33.53 crores (net of receipt/adjustment) as advances recoverable, without prejudice to its right to claims aggregating ₹ 79.37 crores. On 1 August 2012, the Arbitral Tribunal decided the matter in the favour of the Company with an award of ₹ 32.45 crores (net off receipt/adjustment) and interest at 9% per annum from July 2008 till the date of payment. Pursuant to the above award, the Company had during the year 2012-13 recorded the interest receivable amounting to ₹ 11.69 crores upto July 2012 (the date of order) and aligned the carrying amount of insurance claim. The Insurance Company had filed an appeal in the Delhi High Court against the same. On 20 January 2015, the Delhi High Court Single bench pronounced the order wherein the Court has remanded the matter back to Arbitral Tribunal for computation of claim on "turnover basis". Subsequently, the Company had filed an appeal with the Delhi High Court double bench and

an interim stay has been awarded pending disposal. Currently, the case is pending with Delhi High Court.

(b) During the year ended 31 March 2017, the Company recognised interest of ₹ 2.92 crores (31 March 2016: ₹ 10.95 crores) on award decided by the arbitral tribunal, for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to fire incidence at its plant in 2007-08 under 'Revenue from operations'. The carrying amount of interest on insurance claim recoverable as at 31 March 2017 is ₹ 13.87 crores (31 March 2016: ₹ 10.95 crores and 1 April 2015: ₹ Nil)

(c) Consequent to an incident of fire during the year 2011-12, the Company had spent ₹ 7.58 crores on refurbishment of the concerned plant and machinery, which had been recognised as a receivable from the Insurance Company under other current assets. During the previous year, the claim was rejected by insurer on grounds of insufficient premium paid. The Company has filed the writ petition on 6 May 2016 against the Insurance Company.

Further, the Company strongly believes and is reasonably certain that the above cases do not have any significant impact on the financial position of the Company and it will be able to realise the above amounts in the normal course and, therefore, all the claims have been classified as current.

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(All amounts in ₹ crores, unless otherwise stated)

40. Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

| Sl. no. | Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------|---|-----------------------------|-----------------------------|
| (i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year | | |
| | - principal amount* | 0.70 | 0.03 |
| | - interest thereon | - | - |
| (ii) | The amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day: | | |
| | - principal amount** | 1.31 | 0.14 |
| | - interest thereon | - | - |
| (iii) | The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act # | 0.13 | 0.01 |
| (iv) | The amount of interest accrued and remaining unpaid ## | 0.14 | 0.02 |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act. | - | - |

* ₹ 7,021 thousand (previous year ₹ 253 thousand)

** ₹ 13,094 thousand (previous year ₹ 1,421 thousand)

₹ 1,278 thousand (previous year ₹ 58 thousand)

₹ 1,436 thousand (previous year ₹ 158 thousand)

41. (a) During the previous year, the Company internally assessed the operating margins and its set-off against accumulated Unabsorbed Depreciation as per the income tax laws. In the absence of reasonable certainty backed by convincing evidence and as a matter of prudence the Company had charged off MAT Credit entitlement amounting to ₹ 57.30 crores.

- (b) Earlier the Company had not recorded deferred tax asset in relation to unabsorbed depreciation as the same has been subject matter of litigation. Pursuant to the changes made by the Finance Act 2015 and based on the opinion of the legal counsel. In the previous year, the Company was reasonably certain that the litigation does not have any significant impact on recoverability of ₹ 158.33 crores of unabsorbed depreciation to the extent of future reversal of deferred tax liabilities.

- (c) The Company's business comprises of Polyester products, which is highly competitive and in the last few years there has been an over-supply in the industry. This has resulted in lower profit margins. However, the Company has taken several initiatives

to improve its operational performance in terms of specialty products, higher capacity utilisation, cost control initiatives, improved liquidity plans and addition of new customers. Based on the above, the Company believes that the profitability will improve over the next few years. The Company has recognised deferred tax asset of ₹ 54.08 crores during the year and is confident that the deferred tax assets carried as at 31 March 2017 are fully recoverable.

42. Investment in subsidiary sold during the year

Board of Directors of Indo Rama Renewables Limited by its resolution dated 10 February 2016, had entered into an agreement with Tata Power Renewable Energy Limited (TPREL) to sell 100% shares of its subsidiary Indo Rama Renewables Jath Limited. Indo Rama Renewables Jath Limited operated 30 MW Wind Farm at Jath, in Maharashtra. The process of complying with the conditions stipulated in the agreement of sale were completed by 16 May 2016. The share transfer was effected on 16 May 2016.

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to the financial statements for the year ended 31 March 2017

Pursuant to scheme of amalgamation approved by NCLT (refer note 45), Indo Rama Renewables Jath Limited which was hitherto subsidiary of Indo Rama Renewables Limited, became fully owned subsidiary of the Company.

43. Exceptional items

Current year includes:

The Company has charged off ₹ 4.73 crores towards the net book value of fixed assets, capital work-in-progress and capital advance (to the extent not recoverable) acquired under the scheme of amalgamation during the financial year.

Previous year includes:

- i) Inventory losses amounting to ₹ 26.68 crores for the year ended 31 March 2016 which includes loss of ₹ 4.62 crores on account of write down of closing inventories, calculated on month on month basis, incurred by the Company due to crash in global crude oil prices and consequently impacting raw material prices i.e. PTA and MEG. The loss incurred had been primarily due to timing differences in the prices at which material had been purchased and sold.
- ii) 'Others' includes differential excise duty (including interest thereon) amounting to ₹ 4.23 crores paid in compliance with the judgement of the Supreme Court.

44. CSR expenditure

- (a) Gross amount required to be spent by the Company during the year: ₹ Nil (previous year ₹ Nil crores).
- (b) Amount spent during current year is as follows

| Particulars | Year ended | Year ended |
|------------------------|---------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| Promotion of education | 0.15 | 0.11 |
| Health care | 0.05 | 0.01 |
| Total | 0.20 | 0.12 |

45. Explanation of transition to Ind AS

As stated in note 2(a) these are the first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company had prepared its 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 set out in note 2 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its opening 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 financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its 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 the financial statements, the Company applied the below mentioned optional exemption and mandatory exemptions.

A. Optional exemptions availed

1. Property plant and equipment and intangible assets

As per Ind AS 101, an entity may elect to use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

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. The same election has been made in respect of intangible assets also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities, if any.

NOTES

to the financial statements for the year ended 31 March 2017

2. Long-term foreign currency monetary items

The Company had followed accounting treatment prescribed under para 46A of the Previous GAAP for accounting of exchange fluctuations on long-term foreign currency monetary items. As per Ind AS 101 para D13AA of Appendix D, the Company has continued 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 first Ind AS financial reporting period as per the previous GAAP.

3. Investments in subsidiaries

The Company has valued its investment in subsidiaries at cost in accordance with Ind AS 27. It has elected to treat the carrying amount as per previous GAAP at the date of transition as its deemed cost.

B. Mandatory exceptions applied

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements:

1. Estimates

The Company's estimates in accordance with Ind AS at the transition date to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 and at 31 March 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP.

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. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:

- Fair value of financial instrument carried at FVTPL.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of the 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 the 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.

Reconciliations:

The following reconciliations provide a quantification of the effect of the transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

- Equity as at 1 April 2015 (Transition date)
- Equity as at 31 March 2016
- Total comprehensive income for the period ended 31 March 2016

Notes to the reconciliation

i. Common control business combination

During the current financial year, the board of directors had approved the scheme for amalgamation of Indo Rama Renewables Limited, wholly owned subsidiary of the Company and its two step down

NOTES

to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

subsidiaries viz. Indo Rama Renewables Ramgarh Limited and Indo Rama Renewables Porbandar Limited with the Company, in its meeting held on 31 August 2016. The National Company Law Tribunal (NCLT), Mumbai has passed an order approving the merger effective from 1 April 2016 on 29 March 2017. Consequently, the assets and liabilities have been merged with the Company by using pooling of interest method as per Ind AS 103, Business Combinations.

Pursuant to requirements on Appendix C of Ind AS 103, the financial results of prior periods is required to be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. Accordingly previous period figures have been restated.

ii. Property, plant and equipment - leasehold land

Under the previous GAAP leasehold land was treated as part of property, plant and equipment at revalued amount.

As per Ind AS 17, the leasehold land, being a finance lease in substance, is presented as part of property, plant and equipment and is valued at the present value of minimum lease rentals at the transition date.

The unamortised revaluation reserve at the transition date is adjusted with carrying value of leasehold land and consequential impact on amortisation is reflected in Statement of Profit and Loss for the year.

The impact resulting from change is summarised as follows:

| | Year ended 31 March 2016 |
|---|-----------------------------|
| Statement of Profit and Loss | |
| Depreciation: Reversal of revaluation on leasehold land | (0.06) |
| Adjustment before income tax | (0.06) |

| | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Balance Sheet | | |
| Reversal of revaluation on leasehold land - net block | (4.49) | (4.43) |

iii. Lease deposits in respect of operating lease

The company has valued of lease deposits given for operating lease at fair value initially using current borrowing rate and subsequently at amortised cost using effective interest rate. The excess of deposit over fair value is treated as advance rent and is amortised over the balance lease term.

Under the previous GAAP this was recognised at transaction value.

The impact resulting from change is summarised as follows:

| | Year ended 31 March 2016 |
|--|-----------------------------|
| Statement of Profit and Loss | |
| Other income : Due to unwinding of interest cost | 0.07 |
| Other expense: Amortisation of advance rent | 0.06 |

| | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Balance Sheet | | |
| Non-current loans - Security Deposits | (0.25) | (0.18) |
| Other non-current assets -Advance rent | 0.14 | 0.08 |
| Other current assets -Advance rent | 0.05 | 0.06 |
| Equity | (0.06) | (0.04) |
| Tax effect on adjustment in retained earnings | (0.02) | - |

iv. Fair valuation of investments

In accordance with Ind AS 109, financial assets representing investment in equity shares of entities other than subsidiaries have been fair valued. The designated investments are classified as fair value through Statement of Profit or Loss. Under the previous GAAP these were valued at cost or realisable value whichever is lower.

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 |
|--|-----------------------------|
| Other income: Profit/(loss) on sale of investments | (25.40) |
| Other expense: Loss on sale of investments | 8.51 |
| Adjustment before income tax | 33.91 |

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Investments - financial assets at FVTPL | 33.91 | - |
| Equity | 33.91 | - |
| Tax thereon | 11.53 | - |

* Reversal due to sale of investments during financial year ending 31 March 2016.

v. Reconciliation of equity

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Total equity as per previous GAAP | 552.52 | 590.02 |
| Increase | | |
| Valuation of investment at fair value | 33.91 | - |
| Determination of borrowings using EIR | 0.54 | 0.37 |
| Reversal of provision of proposed dividend | 18.27 | 18.27 |
| | 52.72 | 18.64 |
| Decrease | | |
| Reversal of revaluation on leasehold land | (4.49) | (4.43) |
| Fair valuation of lease deposits | (0.06) | (0.03) |
| Increase in deferred tax liability due to above | (15.25) | - |
| | (19.80) | (4.46) |
| Total equity as per Ind AS | 585.44 | 604.20 |

vi. Borrowings at amortised cost

Based on Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using effective interest rate method.

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 | |
|------------------------------|-----------------------------|------|
| Finance costs | | 0.18 |
| Adjustment before income tax | | 0.18 |

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Borrowings : non-current | (0.37) | (0.21) |
| Borrowings : current | (0.17) | (0.16) |
| Retained earnings | 0.35 | - |
| Tax effect on adjustment in retained earnings | 0.19 | - |

vii. Deferred tax liabilities (net)

Deferred tax liability/asset is created on various adjustments based on balance sheet method on various temporary differences.

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 | |
|---|-----------------------------|---------|
| Deferred tax assets recognised to the extent of deferred tax liability as on 1 April 2015 | | (15.99) |
| Deferred tax assets recognised to the extent of deferred tax liability on remeasurement of defined benefit liability for the year ended 31 March 2016 | | 0.74 |
| Deferred tax credit | | (15.25) |

The impact resulting from change is summarised as follows:

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Impact of revaluation of investments at fair value | 11.53 | - |
| Impact of amortised cost of borrowings | 0.19 | - |
| Reversal of deferred tax liability on fair valuation of lease deposit | (0.02) | - |
| Liability on unadjusted revaluation reserve | 3.55 | - |
| Increase in liability | 15.25 | - |

viii. Proposed dividend

Under previous GAAP, dividends proposed by the board of directors after the reporting date but before the approval of financial statements were considered to be adjusting event and accordingly recognised (along with 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.

ix. 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 on sales is presented in the Statement of Profit and Loss as an expense. This has resulted in increase in the revenue from operations and expenses for the year ended 31 March 2016.

x. Remeasurements of post-employment benefit obligations and net interest on net defined benefit liability

Both under Indian GAAP and Ind AS, the Company recognised costs/(gain) related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are recognised to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. As a result of this change, remeasurement gain amounting to ₹ 2.13 crores on employee benefit expenses is reclassified from Statement of Profit and Loss account to other comprehensive income for the year ended on 31 March 2016.

Also net interest on net defined benefit liability amounting to ₹ 1.84 crores for the year ended on 31 March 2016, which reflects the change in net defined benefit liability that arises from the passage of time, is reclassified from employee benefits expense to finance costs.

NOTES

to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 |
|---|-----------------------------|
| Finance costs | 1.84 |
| Employee benefits expense | 0.29 |
| Remeasurement of defined benefit liability | (2.13) |
| Income tax relating to remeasurement of defined benefit liability | 0.74 |

As per our report of even date attached.

For **B S R and Associates**

Chartered Accountants

ICAI Firm Registration Number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2017

For and on behalf of the Board of Directors of

Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director

DIN Number: 00206807

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Place: Gurgaon

Date: 18 May 2017

Ashok Kumar Ladha

Director

DIN Number: 00089360

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

NOTES

to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Reconciliation of equity as at the date of transition 1 April 2015

| | Note | Previous GAAP* | Impact of business combination (Refer note i) | Adjustments on transition to Ind AS | Ind AS |
|---|------|-----------------|---|-------------------------------------|-----------------|
| Assets | | | | | |
| [1] Non-current assets | | | | | |
| (a) Property, plant and equipment | ii | 938.56 | 0.69 | (4.49) | 934.76 |
| (b) Capital work-in-progress | | 3.22 | 3.14 | - | 6.36 |
| (c) Other intangible assets | | 0.05 | - | - | 0.05 |
| (d) Financial assets | | | | | |
| (i) Investments | | 39.85 | 20.45 | - | 60.30 |
| (ii) Loans | iii | 47.31 | (29.46) | (0.25) | 17.60 |
| (iii) Other financial assets | | 5.44 | - | - | 5.44 |
| (e) Other tax assets (net) | | 10.46 | - | - | 10.46 |
| (f) Other non-current assets | iii | 10.77 | 3.76 | 0.14 | 14.67 |
| | | 1,055.66 | (1.42) | (4.60) | 1,049.64 |
| [2] Current assets | | | | | |
| (a) Inventories | | 273.48 | - | - | 273.48 |
| (b) Financial assets | | | | | |
| (i) Investments | iv | 4.28 | - | 33.91 | 38.19 |
| (ii) Trade receivables | | 115.00 | - | - | 115.00 |
| (iii) Cash and cash equivalents | | 23.69 | 0.05 | - | 23.74 |
| (iv) Bank balances other than cash and cash equivalents | | 31.99 | - | - | 31.99 |
| (v) Other financial assets | | 69.44 | 0.01 | - | 69.45 |
| (c) Other current assets | iii | 117.20 | - | 0.05 | 117.25 |
| | | 635.08 | 0.06 | 33.96 | 669.10 |
| Total | | 1,690.74 | (1.36) | 29.36 | 1,718.74 |
| Equity and liabilities | | | | | |
| [1] Equity | | | | | |
| (a) Equity share capital | | 151.82 | - | - | 151.82 |
| (b) Other equity | v | 402.09 | (1.39) | 32.92 | 433.62 |
| | | 553.91 | (1.39) | 32.92 | 585.44 |
| [2] Non-current liabilities | | | | | |
| (a) Financial Liabilities | | | | | |
| (i) Borrowings | vi | 107.70 | - | (0.37) | 107.33 |
| (ii) Other financial liabilities | | 0.64 | - | - | 0.64 |
| (b) Provisions | | 19.90 | - | - | 19.90 |
| (c) Deferred tax liabilities (net) | vii | 115.66 | - | 15.25 | 130.91 |
| | | 243.90 | - | 14.88 | 258.78 |
| [3] Current liabilities | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | | 204.94 | - | - | 204.94 |
| (ii) Trade payables | | | | | |
| - Dues of micro enterprises and small enterprises | | - | - | - | - |
| - Other trade payable | | 542.85 | 0.03 | - | 542.88 |
| (iii) Other financial liabilities | vi | 85.60 | - | (0.17) | 85.43 |
| (b) Other current liabilities | | 38.41 | - | - | 38.41 |
| (c) Provisions | viii | 21.13 | - | (18.27) | 2.86 |
| | | 892.93 | 0.03 | (18.44) | 874.52 |
| | | 1,136.83 | 0.03 | (3.56) | 1,133.30 |
| Total | | 1,690.74 | (1.36) | 29.36 | 1,718.74 |

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation required for this note.

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to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Reconciliation of equity as at 31 March 2016

| | Note | Previous GAAP* | Impact of business combination (Refer note i) | Adjustments on transition to Ind AS | Ind AS |
|---|------|-----------------|---|-------------------------------------|-----------------|
| Assets | | | | | |
| [1] Non-current assets | | | | | |
| (a) Property, plant and equipment | ii | 938.56 | 0.64 | (4.43) | 934.77 |
| (b) Capital work-in-progress | | 13.36 | 3.14 | - | 16.50 |
| (c) Financial assets | | | | | |
| (i) Investments | | 39.85 | (39.85) | - | - |
| (ii) Loans | iii | 2.15 | - | (0.18) | 1.97 |
| (ii) Other financial assets | | 6.26 | - | - | 6.26 |
| (d) Other tax assets (net) | | 11.29 | - | - | 11.29 |
| (e) Other non-current assets | iii | 9.15 | 1.00 | 0.08 | 10.23 |
| | | 1,020.62 | (35.07) | (4.53) | 981.02 |
| [2] Current assets | | | | | |
| (a) Inventories | | 256.71 | - | - | 256.71 |
| (b) Financial assets | | | | | |
| (i) Investments | iv | 0.74 | 60.30 | - | 61.04 |
| (ii) Trade receivables | | 198.09 | - | - | 198.09 |
| (iii) Cash and cash equivalents | | 5.86 | 0.84 | - | 6.70 |
| (iv) Bank balances other than cash and cash equivalents | | 76.56 | - | - | 76.56 |
| (v) Loans | | 43.57 | (27.69) | - | 15.88 |
| (vi) Other financial assets | | 84.88 | 0.01 | - | 84.89 |
| (c) Other current assets | iii | 116.45 | - | 0.06 | 116.51 |
| | | 782.86 | 33.46 | 0.06 | 816.38 |
| Total | | 1,803.48 | (1.61) | (4.47) | 1,797.40 |
| Equity and liabilities | | | | | |
| [1] Equity | | | | | |
| (a) Equity share capital | | 151.82 | - | - | 151.82 |
| (b) Other equity | v | 439.82 | (1.62) | 14.18 | 452.38 |
| | | 591.64 | (1.62) | 14.18 | 604.20 |
| [2] Non-current liabilities | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | vi | 98.86 | - | (0.21) | 98.65 |
| (ii) Other financial liabilities | | 0.37 | - | - | 0.37 |
| (b) Provisions | | 18.79 | - | - | 18.79 |
| | | 118.02 | - | (0.21) | 117.81 |
| [3] Current liabilities | | | | | |
| (a) Financial liabilities | | | | | |
| (i) Borrowings | | 177.72 | - | - | 177.72 |
| (ii) Trade payables | | | | | |
| - Dues of micro enterprises and small enterprises | | 0.03 | - | - | 0.03 |
| - Other trade payable | | 734.85 | 0.01 | - | 734.86 |
| (iii) Other financial liabilities | vi | 107.06 | - | (0.16) | 106.90 |
| (b) Other current liabilities | | 52.93 | (0.01) | - | 52.92 |
| (c) Provisions | viii | 21.23 | - | (18.27) | 2.96 |
| | | 1,093.82 | (0.00) | (18.43) | 1,075.39 |
| | | 1,211.84 | (0.00) | (18.64) | 1,193.20 |
| Total | | 1,803.48 | (1.62) | (4.46) | 1,797.40 |

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation required for this note.

NOTES

to the financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Reconciliation of total comprehensive income for the year ended 31 March 2016

| | Note | Previous GAAP | Impact of business combination (Refer note i) | Adjustments on transition to Ind AS | Ind AS |
|---|---------|-----------------|---|-------------------------------------|-----------------|
| Income | | | | | |
| Revenue from operations | ix | 2,535.66 | - | 249.94 | 2,785.60 |
| Other income | iii, iv | 30.87 | 0.01 | (25.33) | 5.55 |
| Total income | | 2,566.53 | 0.01 | 224.61 | 2,791.15 |
| Expenses | | | | | |
| Cost of materials consumed | | 2,019.32 | - | - | 2,019.32 |
| Changes in inventories of finished goods and work-in-progress | | (52.90) | - | - | (52.90) |
| Excise duty on sales | ix | - | - | 249.94 | 249.94 |
| Employee benefits expense | x | 105.45 | - | 0.29 | 105.74 |
| Other expenses | iii, iv | 370.38 | 0.16 | 8.57 | 379.11 |
| Expenses before finance costs, depreciation and amortisation, foreign exchange fluctuation and exceptional items | | 2,442.25 | 0.16 | 258.80 | 2,701.21 |
| Profit before finance costs, depreciation and amortisation, foreign exchange fluctuation and exceptional items | | 124.28 | (0.15) | (34.19) | 89.94 |
| Finance costs | vi, x | 51.66 | - | 2.02 | 53.68 |
| Depreciation and amortisation expenses | ii | 77.75 | 0.05 | (0.06) | 77.74 |
| Foreign exchange fluctuation gain / (loss) | | (23.62) | - | - | (23.62) |
| Profit / (loss) before exceptional items and tax | | (28.75) | (0.20) | (36.15) | (65.10) |
| Exceptional items | | | | | |
| Inventory losses | | (26.68) | - | - | (26.68) |
| Others | | (4.23) | - | - | (4.23) |
| Profit / (loss) before tax | | (59.66) | (0.20) | (36.15) | (96.01) |
| Tax expense | | | | | |
| Current tax | | - | - | - | - |
| Deferred tax credit | vii | (115.66) | - | (15.99) | (131.65) |
| Total tax expenses | | (115.66) | - | (15.99) | (131.65) |
| Profit / (loss) for the year | | 56.00 | (0.20) | (20.16) | 35.64 |
| Other comprehensive income (OCI) | | | | | |
| - Items that will not be reclassified to profit / (loss) | | | | | |
| Remeasurement of defined benefit liability | x | - | - | 2.13 | 2.13 |
| Income tax relating to remeasurement of defined benefit liability | vii, x | - | - | 0.74 | 0.74 |
| Other comprehensive income for the year, net of tax | | - | - | 1.39 | 1.39 |
| Total comprehensive income for the year | | 56.00 | (0.20) | (18.77) | 37.03 |

* The previous GAAP figures have been reclassified to conform to Ind AS presentation required for this note.

INDEPENDENT AUDITOR'S REPORT

To the Members of

Indo Rama Synthetics (India) Limited

1. Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Indo Rama Synthetics (India) Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary 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 "the consolidated Ind AS financial statements").

2. 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 (hereinafter referred to as "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 statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. 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 judgments 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 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 Directors of the Holding Company, as aforesaid.

3. Auditor's 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 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 is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

4. Basis for Qualified Opinion

- (i) Attention is drawn to note 40 (c) of the consolidated Ind AS financial statements relating to Deferred Tax

Assets amounting to ₹ 54.08 crores as at 31 March 2017 recognised by the group on the basis of future outlook of business confirming that sufficient future taxable income will be available against which these assets will be realised. In view of losses suffered in the current as well as preceding periods, and other unused tax losses available to the Group, we are not in agreement with the deferred tax assets recognised. Had such asset not been recognised, the net loss after tax for the year would have been higher by ₹ 54.08 crores and other equity as at 31 March 2017 would have been lower by ₹ 54.08 crores.

- (ii) Attention is drawn to note 38 (b) of the consolidated Ind AS financial statements, which enumerates recognition of interest of ₹ 13.87 crores in the books by the Group on the insurance claim recoverable from its insurance company for the loss of certain assets and loss suffered due to business interruption at its plant in 2007-08. The said recognition of asset being contingent in nature, is not in accordance with accounting principle stated in Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. Had such income not been recognised, the net loss before and after tax for the year ended 31 March 2017 would have been higher by ₹ 2.92 crores, and net loss before tax for the year ended 31 March 2016 would have been higher by ₹ 10.95 crores and the net profit after tax for the year ended 31 March 2016 would have been lower by ₹ 10.95 crores and other equity as at 31 March 2017 would have been lower by ₹ 13.87 crores.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in 'Basis for Qualified Opinion' paragraph above, 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, of the consolidated state of affairs of the Group as at 31 March 2017 and their consolidated loss (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

6. Emphasis of matter

We draw an attention to note 38 (a) of the consolidated Ind AS financial statements which describes the uncertainty related to the outcome of the lawsuit filed by the Holding Company against an insurance company. Our opinion is not modified in respect of this matter.

7. Report on other legal and regulatory requirements

As required by Section 143(3) of the Act, 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) Except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph above, 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;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS financial statements;
- (d) Except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph above, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
- (e) The matter described in the 'Basis for Qualified Opinion' and matter described under 'Emphasis of matter' paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act. Further, pursuant to merger of subsidiary companies with the Holding Company (refer to note 1) and sale of a subsidiary company (refer to note 42) during the year, there were no subsidiary companies as on 31 March 2017. Therefore, reporting under Section 164 (2) of the Act was not applicable to subsidiary companies;

- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Bases for Qualified Opinion' paragraph above;
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure I"; and
- (i) With respect to the other matters to be included in the Auditor's 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 explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 37 and 38 to the consolidated Ind AS financial statements;
 - ii. The Group did not have any material foreseeable losses on long-term contracts
- including derivative contracts during the year ended 31 March 2017;
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by subsidiary company incorporated in India; and
 - iv. The Group has provided requisite disclosures in its 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 and these are in accordance with the books of accounts maintained by the Company. Refer note 36 to the consolidated Ind AS financial statements.

For **B S R and Associates**
Chartered Accountants
ICAI Firm Registration Number: 128901W

Jiten Chopra
Partner

Place: Gurgaon
Date: 18 May 2017

Membership No.: 092894

ANNEXURE I REFERRED TO IN PARAGRAPH 7(H) OF THE INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDO RAMA SYNTHETICS (INDIA) LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 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 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 the Holding Company and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary company, which are companies 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 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 the respective 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 Act.

Auditor's 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 Act, to the extent applicable to an audit of internal financial controls, and both issued by the ICAI. 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 auditor's 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 (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 consolidated Ind AS 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 (refer to note 42) which are companies 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 March 31 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 ICAI.

For **B S R and Associates**

Chartered Accountants

ICAI Firm Registration Number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2017

CONSOLIDATED BALANCE SHEET

as at 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| | Note No. | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|----------|------------------------|------------------------|-----------------------|
| Assets | | | | |
| [1] Non-current assets | | | | |
| (a) Property, plant and equipment | 3 | 898.02 | 934.77 | 1,129.22 |
| (b) Capital work-in-progress | 4 | 10.88 | 16.50 | 6.36 |
| (c) Other intangible assets | 5 | - | - | 0.05 |
| (d) Financial assets | | | | |
| (i) Investments | 6 | - | - | - |
| (ii) Loans | 7 | 2.43 | 1.97 | 1.72 |
| (iii) Other financial assets | 8 | 8.10 | 6.26 | 5.44 |
| (e) Deferred tax assets (net) | 9 | 10.53 | 8.23 | 7.16 |
| (f) Other tax assets (net) | 10 | 54.08 | - | 1.34 |
| (g) Other non-current assets | 11 | 11.53 | 11.29 | 10.46 |
| | | 11.42 | 10.23 | 14.67 |
| | | 996.46 | 981.02 | 1,169.26 |
| [2] Current assets | | | | |
| (a) Inventories | 12 | 194.58 | 256.71 | 273.48 |
| (b) Financial assets | | | | |
| (i) Investments | 6 | 1.22 | 0.74 | 50.54 |
| (ii) Trade receivables | 13 | 133.20 | 198.09 | 119.77 |
| (iii) Cash and cash equivalents | 14 | 5.90 | 6.70 | 23.78 |
| (iv) Bank balances other than cash and cash equivalents | 14.1 | 64.08 | 76.56 | 31.99 |
| (v) Other financial assets | 8 | 75.60 | 84.89 | 71.67 |
| (c) Other current assets | 11 | 280.00 | 366.98 | 297.75 |
| | | 136.74 | 116.51 | 117.25 |
| | | 611.32 | 740.20 | 688.48 |
| Disposal group - assets held for sale | 42 | - | 207.60 | - |
| Total | | 1,607.78 | 1,928.82 | 1,857.74 |
| Equity and liabilities | | | | |
| [1] Equity | | | | |
| (a) Equity share capital | 15 | 151.82 | 151.82 | 151.82 |
| (b) Other equity | 15.1 | 349.88 | 449.78 | 429.08 |
| | | 501.70 | 601.60 | 580.90 |
| [2] Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 16 | 80.94 | 98.65 | 240.43 |
| (ii) Other financial liabilities | 18 | 0.10 | 0.37 | 0.64 |
| (iii) Other financial liabilities | 18 | 81.04 | 99.02 | 241.07 |
| (b) Provisions | 19 | 20.77 | 18.79 | 19.90 |
| (c) Deferred tax liabilities (net) | 9 | - | - | 130.91 |
| [3] Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | 17 | 167.78 | 177.72 | 204.94 |
| (ii) Trade payables | 20 | - | - | - |
| - Dues of micro enterprises and small enterprises | | 0.70 | 0.03 | - |
| - Other trade payable | | 703.38 | 734.86 | 542.90 |
| (iii) Other financial liabilities | 18 | 88.67 | 106.90 | 95.61 |
| (iv) Other financial liabilities | 18 | 960.53 | 1,019.51 | 843.45 |
| (b) Other current liabilities | 21 | 40.89 | 52.92 | 38.65 |
| (c) Provisions | 19 | 2.85 | 2.96 | 2.86 |
| Disposal group - liabilities directly associated with assets held for sale | 42 | - | 134.02 | - |
| | | 1,106.08 | 1,327.22 | 1,276.84 |
| Total | | 1,607.78 | 1,928.82 | 1,857.74 |
| Significant accounting policies | 2 | | | |

The accompanying notes 1 to 44 form an integral part of the financial statements

As per our report of even date attached.

For **B S R and Associates**
Chartered Accountants
ICAI Firm Registration Number: 128901W

Jiten Chopra
Partner
Membership No.: 092894

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
Chairman and Managing Director
DIN Number: 00206807

Jayantk Sood
Company Secretary
ICSI Membership No.: FCS4482

Ashok Kumar Ladha
Director
DIN Number: 00089360

Sanjeev Aggarwal
President and Chief Financial Officer
ICAI Membership No.: 089369

Place: Gurgaon
Date: 18 May 2017

Place: Gurgaon
Date: 18 May 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| | Note No. | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|----------|-----------------------------|-----------------------------|
| A) Continuing operations | | | |
| Income | | | |
| Revenue from operations | 22 | 2,701.05 | 2,785.60 |
| Other income | 23 | 32.30 | 5.55 |
| Total income | | 2,733.35 | 2,791.15 |
| Expenses | | | |
| Cost of materials consumed | 24 | 1,923.78 | 2,019.32 |
| Changes in inventories of finished goods and work-in-progress | 25 | 27.49 | (52.90) |
| Excise duty on sales | | 233.01 | 249.94 |
| Employee benefits expense | 26 | 104.53 | 105.74 |
| Other expenses | 27 | 417.00 | 379.11 |
| Expenses before finance costs, depreciation and amortisation, foreign exchange fluctuation and exceptional items | | 2,705.81 | 2,701.21 |
| Profit before finance costs, depreciation and amortisation, foreign exchange fluctuation and exceptional items | | 27.54 | 89.94 |
| Finance costs | 28 | 91.08 | 53.68 |
| Depreciation and amortisation expense | 29 | 79.48 | 77.74 |
| Foreign exchange fluctuation gain / (loss) | | 13.52 | (23.62) |
| Profit / (loss) before exceptional items and tax | | (129.50) | (65.10) |
| Exceptional items | 41 | | |
| Inventory losses | | - | (26.68) |
| Others | | (4.73) | (4.23) |
| Profit / (loss) before tax from continuing operations | | (134.23) | (96.01) |
| Tax expense: | 9 | | |
| Deferred tax credit | | (53.98) | (131.65) |
| Total tax expenses | | (53.98) | (131.65) |
| Profit / (loss) for the year from continuing operations | | (80.25) | 35.64 |
| B) Discontinued operations | 42 | | |
| Profit / (loss) from discontinued operations | | (1.81) | 1.89 |
| Tax expense of discontinued operations | | (0.63) | (0.05) |
| Profit / (loss) from discontinued operations after tax | | (1.18) | 1.94 |
| C) Total operations | | | |
| Profit / (loss) for the year | | (81.43) | 37.58 |
| Other comprehensive (expense) / income (OCI) | | | |
| - Items that will not be reclassified to (expense) / income | | | |
| Remeasurement of defined benefit liability | | (0.30) | 2.13 |
| Income tax relating to remeasurement of defined benefit liability | 9 | (0.10) | 0.74 |
| Other comprehensive (expense) / income for the year, net of tax | | (0.20) | 1.39 |
| Total comprehensive income / (expense) for the year | | (81.63) | 38.97 |
| Basic and diluted (loss) / earnings per equity share (in ₹) (Face value ₹10 each) | 30 | | |
| Continuing operations | | (5.29) | 2.35 |
| Total operations | | (5.36) | 2.48 |
| Significant accounting policies | 2 | | |

The accompanying notes 1 to 44 form an integral part of the financial statements

As per our report of even date attached.

For **B S R and Associates**

Chartered Accountants

ICAI Firm Registration Number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

For and on behalf of the Board of Directors of

Indo Rama Synthetics (India) Limited**Om Prakash Lohia**

Chairman and Managing Director

DIN Number: 00206807

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Ashok Kumar Ladha

Director

DIN Number: 00089360

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Place: Gurgaon
Date: 18 May 2017Place: Gurgaon
Date: 18 May 2017

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| CASH FLOW FROM CONTINUING OPERATIONS | | |
| A. Cash flow from operating activities | | |
| Profit / (loss) before tax | (134.23) | (96.01) |
| Actuarial gain/(loss) on remeasurement through OCI | (0.30) | 2.13 |
| Depreciation/ amortisation of property, plant, equipment and other intangible assets | 79.48 | 77.74 |
| Loss on sale/retirement of property plant and equipment | 4.12 | 0.09 |
| Provision for doubtful debts and advances | - | (0.38) |
| Finance cost | 64.63 | 35.90 |
| Interest income | (13.95) | (29.69) |
| Dividend income | (0.01) | (0.60) |
| (Profit)/loss on sale of investments (net) | (27.39) | 8.46 |
| Operating loss before working capital changes | (27.65) | (2.36) |
| Decrease/ (increase) in trade receivables | 64.89 | (82.71) |
| Increase in financial assets - loans | (0.39) | (0.16) |
| Decrease/ (increase) in other financial assets | 5.26 | (12.11) |
| (Increase) / decrease in other assets | (22.77) | 0.45 |
| Decrease in inventories | 62.13 | 16.77 |
| (Decrease)/ increase in trade payables | (30.81) | 192.00 |
| Increase / (decrease) in provisions | 1.87 | (1.01) |
| (Decrease)/ increase in other financial liabilities | (1.05) | 2.32 |
| (Decrease)/ increase in other liabilities | (12.03) | 14.51 |
| Cash generated from operations before tax | 39.45 | 127.70 |
| Income taxes paid (net) | (0.24) | (0.83) |
| Net cash flow from operating activities | 39.21 | 126.87 |
| B. Cash flow from investing activities | | |
| Acquisition of property plant and equipment | (77.22) | (43.76) |
| Sale of property plant and equipment | 0.03 | 0.46 |
| Profit on sale of investments including subsidiary | 99.79 | 28.98 |
| Movement in bank deposits (net) having original maturity of more than 3 months | 11.57 | (44.56) |
| Interest received | 18.40 | 25.50 |
| Dividend received | 0.01 | 0.60 |
| Net cash flow from / (used in) investing activities | 52.58 | (32.78) |

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| C. Cash flow from financing activities | | |
| Long-term borrowings repaid during the year | (34.50) | (30.39) |
| Long-term borrowings taken during the year | 32.66 | - |
| Short-term borrowings repaid during the year (net) | (9.94) | (27.22) |
| Dividend paid | (15.11) | (15.17) |
| Taxes on dividend paid | (3.09) | (3.09) |
| Finance cost paid | (62.61) | (35.30) |
| Net cash used in financing activities | (92.59) | (111.17) |
| Net decrease in cash and cash equivalents | (0.80) | (17.08) |
| Opening balance of cash and cash equivalent | 6.70 | 23.78 |
| Closing balance of cash and cash equivalent | 5.90 | 6.70 |
| Note: Cash and cash equivalents as per the Cash Flow Statement comprise of the following:- | | |
| i) Cash balance on hand | 0.36 | 0.93 |
| ii) Balance with banks : | | |
| -In current accounts | 4.47 | 5.77 |
| -In fixed deposits | 1.07 | - |
| Total | 5.90 | 6.70 |
| See accounting policies | 2 | |

- The accompanying notes 1 to 44 form an integral part of the financial statements
- For Cash Flow pertaining to discontinued operations, refer note 42.
- The Cash Flow Statement has been prepared under the 'indirect method' as set out in Ind AS-7 "Statement of Cash Flows", as specified under section 133 of the Companies Act, 2013.

As per our report of even date attached.

For **B S R and Associates**
Chartered Accountants
ICAI Firm Registration Number: 128901W

Jiten Chopra
Partner
Membership No.: 092894

Place: Gurgaon
Date: 18 May 2017

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
Chairman and Managing Director
DIN Number: 00206807

Jayantk Sood
Company Secretary
ICSI Membership No.: FCS4482

Place: Gurgaon
Date: 18 May 2017

Ashok Kumar Ladha
Director
DIN Number: 00089360

Sanjeev Aggarwal
President and Chief Financial Officer
ICAI Membership No.: 089369

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

A. Equity share capital

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Balance at the beginning of the year | 151.82 | 151.82 | 151.82 |
| Changes in equity share capital during the year | - | - | - |
| Balance at the end of the year | 151.82 | 151.82 | 151.82 |

B. Other equity

| Particulars | Reserves and surplus | | | | Items of OCI | Total |
|---|----------------------|----------------------------|-----------------|-------------------|--|----------------|
| | Capital reserve | Securities premium account | General reserve | Retained earnings | Remeasurements of the net defined benefit liability (net of taxes) | |
| Balance at 1 April 2015 (refer note 44) | 20.38 | 166.22 | 58.13 | 184.35 | - | 429.08 |
| Profit for the year | - | - | - | 37.58 | - | 37.58 |
| Other comprehensive income for the year | - | - | - | - | 1.39 | 1.39 |
| Total comprehensive income for the year | 20.38 | 166.22 | 58.13 | 221.93 | 1.39 | 468.05 |
| Dividends | - | - | - | (15.18) | - | (15.18) |
| Dividend distribution tax | - | - | - | (3.09) | - | (3.09) |
| Balance at 31 March 2016 | 20.38 | 166.22 | 58.13 | 203.66 | 1.39 | 449.78 |
| Loss for the year | - | - | - | (81.43) | - | (81.43) |
| Other comprehensive expense for the year | - | - | - | - | (0.20) | (0.20) |
| Total comprehensive expense for the year | - | - | - | (81.43) | (0.20) | (81.63) |
| Dividends | - | - | - | (15.18) | - | (15.18) |
| Dividend distribution tax | - | - | - | (3.09) | - | (3.09) |
| Balance at 31 March 2017 | 20.38 | 166.22 | 58.13 | 103.96 | 1.19 | 349.88 |
| Significant accounting policies | 2 | | | | | |

The accompanying notes 1 to 44 form an integral part of the financial statements

As per our report of even date attached.

For **B S R and Associates**

Chartered Accountants

ICAI Firm Registration Number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

For and on behalf of the Board of Directors of

Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director

DIN Number: 00206807

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Ashok Kumar Ladha

Director

DIN Number: 00089360

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Place: Gurgaon

Date: 18 May 2017

Place: Gurgaon

Date: 18 May 2017

NOTES

to the Consolidated financial statements for the year ended 31 March 2017

1. General information

Indo Rama Synthetics (India) Limited (hereinafter referred to as 'the Holding Company' or 'IRSL') is a company domiciled in India, with its registered office situated at A-31, MIDC Industrial Area, Butibori, Nagpur. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The Company is a manufacturer of polyester filament yarn (PFY), polyester staple fibre (PSF), draw texturised yarn (DTY), specialty fiber and chips. The Company is also engaged in power generation, which is used primarily for captive consumption. The Company's manufacturing facilities are located at Butibori, Nagpur.

The Holding Company has invested in subsidiary companies which are engaged in the business of generation and supply of energy from renewable resources. The Holding Company alongwith its subsidiary has been referred to as "the Group".

During the current financial year, the board of directors had approved the scheme for amalgamation of Indo Rama Renewables Limited, wholly owned subsidiary of the Holding Company and its two step down subsidiaries viz. Indo Rama Renewables Ramgarh Limited and Indo Rama Renewables Porbandar Limited with the Holding Company, in its meeting held on 31 August 2016. The National Company Law Tribunal (NCLT), Mumbai has passed an order approving the merger effective from 1 April 2016 on 29 March 2017. Consequently, the assets and liabilities have been merged with the Holding Company by using pooling of interest method as per Ind AS 103, Business Combinations.

Pursuant to requirements on Appendix C of Ind AS 103, the Standalone Financial Statements of prior periods are required to be restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. Accordingly previous period figures have been restated.

The financial statements were authorized for issue by the Company's Board of Directors on 18 May 2017.

2. Significant accounting policies

a. Basis of preparation and presentation

These Consolidated Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Consolidated Financial Statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act hereinafter referred as Previous GAAP ('IGAAP').

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 is provided in note 44. These Consolidated Financial Statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise indicated.

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets and liabilities (including derivatives instruments) are recorded at fair value.
- Net defined benefit liabilities are measured at present value of defined benefit obligation.

b. Basis of consolidation

The company consolidates entities which it owns or controls. The Consolidated Financial Statements comprise the financial statements of the holding company and its subsidiary. Control exists when the parent has power over the entity, is exposed, or has rights to, variable

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returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. The financial statements of subsidiary is included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions, are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the group. Non-controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the company, are excluded.

The Consolidated Financial Statements are presented, to the extent possible, in the same format as that adopted by the group for its separate financial statements.

The companies considered in the Consolidated Financial Statements are:

| Name of the company | Date of incorporation | Percentage of shareholding |
|--|-----------------------|----------------------------|
| Indo Rama Synthetics (India) Limited ('IRSL') | 28 April 1986 | Ultimate holding company |
| Indo Rama Renewables Jath Limited ('IRRJL') (refer also note 42) | 23 May 2012 | 100 |

c. Use of estimates and judgements

The preparation of Consolidated Financial Statements in conformity with Ind AS requires the management to make estimates and judgment that affect the reported amounts of assets, liabilities, income, expenses and other comprehensive income (OCI) that are reported and disclosed in the Consolidated Financial Statements and accompanying notes. These estimates and judgment are based on the management's best knowledge of current events, historical experience, actions that the Group may undertake in the future and on various other estimates and judgments that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The area involving significant estimates and judgments are:

- Note 9 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
- Note 32 - measurement of defined benefit obligations: key actuarial assumptions
- Note 3 and 4 - estimation of useful lives of property, plant and equipment and intangible assets
- Notes 37 and 38 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 2(g) - impairment of financial assets.

d. Current/ non-current classification

All assets and liabilities have been 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 Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

Assets

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

- 1) It is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is expected to be realised within 12 months after the reporting date; or
- 4) 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 the 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:

- 1) It is expected to be settled in the Group's normal operating cycle;
- 2) It is held primarily for the purpose of being traded;
- 3) It is due to be settled within 12 months after the reporting date; or
- 4) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

e. Property, plant and equipment

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. 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. The Group identifies and determines separate useful lives for each major component of the property, plant and equipment, if they have a useful life that is materially different from that of the asset as a whole.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition

of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work-in-progress.

Foreign currency exchange differences are capitalized as per the policy stated in note 2(i) below.

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 Previous GAAP, and use that carrying value as the deemed cost of its property plant and equipment.

Subsequent expenditure

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day to day repairs, maintenance expenditure and cost of replacing parts, are charged to the Consolidated Statement of Profit and Loss for the period during which such expenses are incurred.

Depreciation/ amortisation

IRSL (polyester business)

Depreciation on property, plant and equipment is provided on the straight-line method over their estimated useful lives, as determined by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

Based on technical assessment made by technical expert and management estimate, the Group have assessed the estimated useful lives of certain property, plant and equipment are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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The estimated useful lives of items of property, plant and equipment are as follows:

| Particulars | Management estimate of useful life | Useful life as per Schedule II |
|---|------------------------------------|--------------------------------|
| Building (factory buildings/ non factory buildings) | 28 years/ 58 years | 30 years/ 60 years |
| Plant and equipment (continuous process plant) | 18 years | 25 years |
| Furniture and fixtures | 15 years | 10 years |
| Vehicles | 10 years | 8 years |
| Office equipment/ Computer and Peripherals | 20 years/ 6 years | 5 years/ 3 years |

Leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.

Assets costing less than ₹ 5,000 are fully depreciated over the period of one year from the date of purchase/ acquisition and such treatment did not have any material impact on Consolidated Financial Statements of the Group for the current year.

Assets acquired under finance leases are depreciated over the shorter of the lease term or their useful lives on straight line basis (not being greater than the useful life envisaged in Schedule II to the Companies Act, 2013) unless it is reasonably certain that the Group will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Group are applied.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Subsidiary (Power Generation)

In respect of assets used in generation and supply of energy from renewable sources, the depreciation is being provided at the rates as well as methodology notified by the Maharashtra Electricity Regulatory Commission in its order dated 22 March 2013 for determination of Generation Tariff under Regulation 8 of the Maharashtra Electricity Regulatory Commission (terms and conditions for determination of Renewable Energy Tariff) Regulations

2010. As per the regulations, the depreciation is to be allowed upto a maximum of 90% of the capital cost of the asset and the depreciation rate for the first 10 years of the Tariff Period shall be 7% per annum and the remaining depreciation shall be spread over the remaining useful life of the project from 11th year onwards.

Further, based on technical assessment made by technical expert and management estimate, estimated useful lives of office equipment is assessed as 20 years which is different from the useful life prescribed in Schedule II to the Companies Act, 2013 i.e. 5 years. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

f. Intangible assets

Recognition and measurement

Intangible assets includes software, that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss, if any.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

Subsequent expenditure

Subsequent expenditure related to an item of intangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses are charged to the Consolidated Statement of Profit and Loss for the period during which such expenses are incurred.

Transition to Ind AS

On transition to Ind AS, the Group have elected to continue with the carrying value of all its intangible assets recognised as at 1 April 2015 measured as per the Previous GAAP and use that carrying value as the deemed cost of such intangible assets.

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Amortisation

Intangible assets includes software that are amortised over the useful economic life of 3 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

g. Impairment

(i) Impairment of financial assets

The Group recognises loss allowance for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. 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.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default in payment within the due date;
- the restructuring of a loan or advance by the entity on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum

contractual period over which the Group is exposed to credit risk.

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 forward looking information. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any) is held.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(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

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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., central office building 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 to reduce the carrying amounts of the assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of 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.

h. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated on weighted average basis, 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. 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.

i. Foreign exchange transactions

Transactions in foreign currencies are translated at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

All 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 if any that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

All exchange differences except those relating to long-term monetary foreign currency items are dealt

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with in the Consolidated Statement of Profit and Loss.

Under previous GAAP, the effects of changes in foreign exchange rates, provided an alternative accounting treatment to companies with respect to exchange differences arising on restatement of long-term foreign currency monetary items. Exchange differences in respect of such items related to acquisition of depreciable assets could be added to/ deducted from the cost of the depreciable asset, which would then be depreciated over the balance life of the asset. Ind AS 101 provides an optional exemption that allows a first-time adopter to continue the above accounting treatment in respect of the long-term foreign currency monetary items recognised in the Consolidated Financial Statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Accordingly, exchange differences in respect of long-term monetary foreign currency items prior to 1 April 2016, are added to or deducted from the cost of asset and are depreciated over the balance life of the asset.

j. 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. 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 towards Government administered provident fund scheme. 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.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan 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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability or 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, taking into account any changes in the net defined benefit liability 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

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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.

iv. Other long-term employee benefits

Entitlements to annual leave are recognised when they accrue to employees. Leave entitlements may be availed while in service or encashed at the time of retirement/termination of employment, subject to a restriction on the maximum number of accumulation. The Group determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

k. Revenue

i. Sale of goods

Revenue from sale of products in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates.

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. Where the payment extends beyond normal credit period interest is recovered separately.

Sales are stated inclusive of excise duty.

ii. Sale of power

Sale of power is recognised on the basis of actual quantity of power sold with reference to the contracted rate. Discounting is required only when payment terms are beyond normal credit period.

Revenue from sale of wind power is recognised when earned on the basis of contractual arrangements and reflects the number of units supplied in accordance with Joint meter readings

undertaken on a monthly basis by representatives of the buyer and the company at rates stated in the contract.

iii. Generation based incentives

Revenue from generation based incentives are recognised based on the number of units supplied and when the eligibility criteria under the Indian Renewable Energy Development Agency limited – Generation based incentive scheme are met.

iv. Insurance claims

Insurance claims are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain (Also refer note 38).

v. Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

vi. Dividend

Dividend from investments is recognised when the right to receive dividend is established.

l. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Consolidated Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Consolidated Statement of Profit and Loss as other gains/(losses).

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Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the Consolidated Financial Statements for issue, not to demand payment as a consequence of the breach.

m. Borrowing cost

Borrowing cost are interest and other costs incurred in connection with borrowing of funds. Borrowing costs directly attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognised as expense in the period in which they are incurred.

n. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

o. Leases

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Lease payments under operating leases are recognised as an expense on a straight line basis in the Consolidated Statement of Profit and Loss over the lease term unless such payments are structured to increase in line with

expected general inflation to compensate for lessor's expected inflationary cost increases.

p. Financial instruments

i. Recognition and initial measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability. Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. 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.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or at 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.

A financial asset is measured at amortised cost if it 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 on the principal amount outstanding.

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.

All financial assets not classified as measured at amortised cost as described above are measured at

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FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent

with the Group's continuing recognition of the assets.

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

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. Additionally, for a financial asset acquired at a significant discount or premium

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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 is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest income recognised in Consolidated Statement of Profit and Loss.

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. The amortised cost is reduced by impairment losses. 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. |

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading. 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. 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.

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. If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

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. Derivative financial instruments

Foreign exchange forward contracts are purchased to mitigate the risk of changes in foreign exchange rates associated with forecast transactions denominated in certain foreign currencies. The Group recognizes all derivatives as assets or liabilities measured at their fair value. The changes by marked to market then at each reporting date and the related gains (losses) are recognised in the Consolidated Statement of Profit and Loss.

v. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis to realise the assets and settle the liabilities simultaneously.

q. Measurement of fair values

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. All methods of assessing fair value result in

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general approximation of value, and such value may never actually be realised.

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 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.

r. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, which are not subject to risk of changes in value. Also for the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash at banks and on hand.

s. Earning per share

Basic earning per share are 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 year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable equity

shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

t. Provisions and contingent liabilities

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 obligation at pre-tax rate that reflects current market assessments of the time value of money risks specific to liability. They are not discounted where they are assessed as current in nature. Provisions are not made for future operating losses.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made. Contingent assets are disclosed in the Consolidated Financial Statements.

Provisions, contingent liabilities and contingent assets and commitments are reviewed at each balance sheet date.

u. Taxation

Income tax comprises current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

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.

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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.

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. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

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. 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.

v. Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from those of the rest of the Group and which represents a separate major line of business or geographical area of operations and

- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. The assets and liabilities are valued at cost or market value whichever is lower.

When an operation is classified as a discontinued operation, the comparative statement of profit and loss is re-presented as if the operation had been discontinued from the start of the comparative period.

w. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Director assesses the financial performance and position of the group, and makes strategic decision. The Board has been identified as being the chief operating decision maker. The Group's business activity are organised and managed separately according to the nature of the products, with each segment representing a strategic business unit that offers different products and serves different market. The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statement of the company as a whole. Refer note 33 for segment information presented.

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

x. Recent accounting pronouncements Standards issued but not yet effective

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' which is applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide

disclosures that enable users of 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 evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

3. Property, plant and equipment

See accounting policy in note 2(e)

Reconciliation of carrying amount

| | Freehold land | Leasehold land | Buildings | Leasehold improvements | Plant and equipment | Furniture and Fixtures | Vehicles | Office equipments | Total (Refer note 44) |
|---|---------------|----------------|---------------|------------------------|---------------------|------------------------|-------------|-------------------|-----------------------|
| A. Gross carrying amount | | | | | | | | | |
| Deemed cost as at 1 April 2015 | 1.61 | 2.89 | 105.18 | 1.27 | 1,008.33 | 2.12 | 3.02 | 4.80 | 1,129.22 |
| Additions (refer foot note 2) | - | - | 1.67 | - | 75.56 | 0.23 | 0.05 | 0.75 | 78.26 |
| Disposals | - | - | - | - | 3.70 | 0.15 | 0.01 | 0.50 | 4.36 |
| Assets held for sale | 1.45 | - | - | - | 193.01 | - | - | - | 194.46 |
| As at 31 March 2016 | 0.16 | 2.89 | 106.85 | 1.27 | 887.18 | 2.20 | 3.06 | 5.05 | 1,008.66 |
| Additions | - | - | - | - | 44.70 | 0.02 | 2.10 | 0.37 | 47.19 |
| Disposals (refer foot note 3) | - | - | - | - | 4.41 | 0.08 | 0.31 | 0.29 | 5.09 |
| As at 31 March 2017 | 0.16 | 2.89 | 106.85 | 1.27 | 927.47 | 2.14 | 4.85 | 5.13 | 1,050.76 |
| B. Accumulated depreciation | | | | | | | | | |
| Charge for the year for continuing operations | - | 0.04 | 3.78 | 0.36 | 72.02 | 0.20 | 0.46 | 0.83 | 77.69 |
| Charge for the year for discontinued operations | - | - | - | - | 15.16 | - | - | - | 15.16 |
| Disposals | - | - | - | - | 3.51 | 0.05 | - | 0.24 | 3.80 |
| Assets held for sale | - | - | - | - | 15.16 | - | - | - | 15.16 |
| As at 31 March 2016 | - | 0.04 | 3.78 | 0.36 | 68.51 | 0.15 | 0.46 | 0.59 | 73.89 |
| Charge for the year | - | 0.04 | 3.77 | 0.37 | 73.90 | 0.20 | 0.57 | 0.63 | 79.48 |
| Disposals | - | - | - | - | 0.16 | 0.03 | 0.27 | 0.17 | 0.63 |
| As at 31 March 2017 | - | 0.08 | 7.55 | 0.73 | 142.25 | 0.32 | 0.76 | 1.05 | 152.74 |
| Net carrying value | | | | | | | | | |
| As at 1 April, 2015 | 1.61 | 2.89 | 105.18 | 1.27 | 1,008.33 | 2.12 | 3.02 | 4.80 | 1,129.22 |
| As at 31 March 2016 | 0.16 | 2.85 | 103.07 | 0.91 | 818.67 | 2.05 | 2.60 | 4.46 | 934.77 |
| As at 31 March 2017 | 0.16 | 2.81 | 99.30 | 0.54 | 785.22 | 1.82 | 4.09 | 4.08 | 898.02 |

Notes:

- The Company has availed deemed cost exemption for the valuation of plant, property and equipment hence, the net block as per Ind AS as on 1 April 2015 represents gross block as per previous GAAP as on 31 March 2015.
- Additions to plant and equipment include loss on foreign exchange fluctuation on long term monetary items for purchase of property, plant and equipment amounting to ₹ Nil (previous year ₹ 6.95 crores).
- Disposal to plant and equipment include gain on foreign exchange fluctuation on long term monetary items for purchase of property, plant and equipment amounting to ₹ 3.66 crores (previous year ₹ Nil).
- Charge is created over fixed assets in respect of long term and short term borrowings taken by the Company, refer note 16 and 17.
- Depreciation for the year ended 31 March 2016 includes ₹ 15.16 crores pertaining to discontinued operations.

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(All amounts in ₹ crores, unless otherwise stated)

4. Capital work-in-progress

See accounting policy in note 2 (e)

Reconciliation of carrying amount

| | As at 31 March 2017 | As at 31 March 2016 |
|----------------------------|------------------------|------------------------|
| Opening balance | 16.50 | 6.36 |
| Additions | 44.86 | 81.38 |
| Transfer to fixed assets | (45.75) | (71.24) |
| Impairment during the year | (4.73) | - |
| Closing balance | 10.88 | 16.50 |

Capital work-in-progress includes property, plant and equipment under construction installation and cost of asset not ready for use as at year end.

5. Other intangible assets

See accounting policy in note 2(f)

Reconciliation of carrying amount

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| A. Gross carrying amount | | |
| Opening balance (deemed cost as at 1 April 2015) | 0.05 | 0.05 |
| Additions | - | - |
| Disposals | - | - |
| Closing balance | 0.05 | 0.05 |
| B. Accumulated amortisation | | |
| Opening balance | 0.05 | - |
| Charge for the year | - | 0.05 |
| Disposals | - | - |
| Closing balance | 0.05 | 0.05 |

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------|------------------------|------------------------|-----------------------|
| Net carrying value | - | - | 0.05 |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

6. Investments

See accounting policy in note 2(p)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--|------------------------|------------------------|-----------------------|
| A. Non-current investments | | | |
| Unquoted equity shares | | | |
| Equity share at FVTPL | | | |
| 15,00,000 (31 March 2016: 15,00,000, 1 April 2015: 15,00,000) equity shares of Ritspin Synthetics Limited (₹ 10 each, fully paid up) | 1.50 | 1.50 | 1.50 |
| Less: Provision for impairment in the value of investment | (1.50) | (1.50) | (1.50) |
| | - | - | - |
| Aggregate amount of unquoted investments | - | - | - |
| Aggregate amount of impairment in value of investments | 1.50 | 1.50 | 1.50 |
| | | | |
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| B. Current investments at FVTPL | | | |
| Quoted equity shares | | | |
| 52,501 (31 March 2016: 52,501, 1 April 2015: 52,501) equity shares of Optel Telecommunications Limited (₹ 10 each, fully paid up) | -* | -* | -* |
| 7,08,400 (31 March 2016: 7,08,400, 1 April 2015: 7,08,400) equity shares of Sanghi Polyesters Limited (₹ 10 each, fully paid up) | -* | -* | -* |
| 10 (31 March 2016: 10, 1 April 2015: 10) equity shares of Reliance Industries Limited (₹ 10 each, fully paid up) | -** | -** | -** |
| 72,601 (31 March 2016: 72,601, 1 April 2015: 72,601) equity shares of Balasore Alloys Limited (₹ 5 each, fully paid up) | 0.50 | 0.11 | 0.11 |
| Nil (31 March 2016 : Nil, 1 April 2015 : 75,09,200) equity shares of Indorama Ventures Public Company Limited, Thailand (Baht 1 each, fully paid up) | - | - | 37.51 |
| | 0.50 | 0.11 | 37.62 |
| Quoted preference shares | | | |
| 8,92,000 (31 March 2016: 8,92,000, 1 April 2015: 8,92,000) 0.01% cumulative redeemable preference of JSW Steel Limited (₹ 10 each, fully paid up) | 0.72 | 0.63 | 0.57 |
| Quoted mutual funds | | | |
| Mutual funds at FVTPL | | | |
| Nil (31 March 2016 : 316, 31 March 2015 : 1,758) units of mutual funds of L & T Liquid Fund Direct Plan -Growth (₹ 10 each) | - | - | 0.34 |
| Nil (31 March 2016 : 3,876,444, 31 March 2015 : 5,265,177) units of mutual funds of L & T Ultra Short Term Fund Direct Plan -Growth (₹ 10 each) | - | - | 12.01 |
| | 1.22 | 0.74 | 50.54 |
| Aggregate amount of quoted investments | 1.69 | 1.69 | 14.50 |
| Market value of quoted investments | 1.22 | 0.74 | 50.54 |

* Fair value of the investments are ₹ Nil (31 March 2016: ₹ Nil 1 April 2015: ₹ Nil)

** ₹ 13,200 (31 March 2016: ₹ 7,780 1 April 2015: ₹ 7,780)

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

7. Loans

See accounting policy in note 2(p)

| | Non-current | | |
|---|------------------------|------------------------|-----------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Unsecured considered good, unless otherwise stated | | | |
| Security deposits | 2.43 | 1.97 | 1.72 |
| | 2.43 | 1.97 | 1.72 |

8. Other financial assets

See accounting policy in note 2 (p)

| | Non-current | | | Current | | |
|-------------------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Surrender value of keyman insurance | 6.43 | 5.57 | 4.80 | - | - | - |
| Claims and other receivables | - | - | - | 65.67 | 62.71 | 52.32 |
| Forward cover receivable | - | - | - | 5.84 | 14.51 | 13.90 |
| Unbilled revenue | - | - | - | - | - | 1.66 |
| Interest accrued on deposits | - | - | - | 2.47 | 6.92 | 2.73 |
| Fixed deposits # | 0.98 | - | - | - | - | - |
| Other advances | 0.69 | 0.69 | 0.64 | - | - | - |
| Advance to employees | - | - | - | 1.62 | 0.75 | 1.06 |
| | 8.10 | 6.26 | 5.44 | 75.60 | 84.89 | 71.67 |

Pledged with bank for credit limits.

9. Income tax

See accounting policy in note 2(u)

A. Recognition of deferred tax assets and liabilities

| | Deferred tax assets | | Deferred tax (liabilities) | | Net deferred tax assets (liabilities) | |
|--|---------------------|------------------|----------------------------|------------------|---------------------------------------|------------------|
| | As at | | As at | | As at | |
| | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 | 31 March 2017 | 31 March 2016 |
| Property, plant and equipment | - | - | (183.45) | (212.29) | (183.45) | (212.29) |
| Investment at FVTPL | 0.88 | 1.05 | - | - | 0.88 | 1.05 |
| Employee benefit | 4.99 | 4.54 | - | - | 4.99 | 4.54 |
| Provision for doubtful debts and advances | 2.05 | 1.69 | - | - | 2.05 | 1.69 |
| Brought forward business loss | 25.61 | - | - | - | 25.61 | - |
| Brought forward unabsorbed depreciation | 203.83 | 206.43 | - | - | 203.83 | 206.43 |
| Other items | 0.24 | 0.09 | (0.07) | (0.12) | 0.17 | (0.03) |
| | 237.60 | 213.80 | (183.52) | (212.41) | 54.08 | 1.39 |
| Offsetting of deferred tax assets and deferred tax liabilities | (183.52) | (212.41) | 183.52 | 212.41 | - | - |
| Net deferred tax assets for continuing operations | 54.08 | - | - | - | 54.08 | - |
| Net deferred tax assets for discontinued operations (refer note 42) | - | 1.39 | - | - | - | 1.39 |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

B. Movement in temporary differences

| | Continuing operations | | Discontinued operations | |
|---|------------------------|------------------------|-------------------------|------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 | As at 31 March 2016 |
| Opening balance of deferred tax asset (liability) (refer note 40) | - | (130.91) | 1.39 | 1.34 |
| Tax income during the period recognised in profit or loss (refer note 40) | 53.98 | 131.65 | - | - |
| Tax income/(expense) during the period recognised in OCI | 0.10 | (0.74) | - | - |
| Deferred tax credit recognised during the year for discontinued operations | - | - | 0.63 | 0.05 |
| Disposal on account of sale of business unit (refer note 42) | - | - | (2.02) | - |
| Deferred tax asset (net) for continuing operations | 54.08 | - | - | - |
| Deferred tax asset (net) for discontinued operations (refer note 42) | - | - | - | 1.39 |

C. Unrecognised deferred tax assets

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|-------------------------|---------------------|-------------------------|
| | Gross amount | Unrecognised tax effect | Gross amount | Unrecognised tax effect |
| Brought forward unabsorbed depreciation | 489.07 | 169.26 | 486.91 | 168.51 |
| Business losses | 1.48 | 0.51 | - | - |

Deferred tax assets have not been recognised in respect of above items, because it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

D. Effective tax rate *

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---------------------|----------------|---------------------|-----------------|
| | Percentage (%) | Amount | Percentage (%) | Amount |
| Loss before tax from continuing operations including OCI | | (134.43) | | (94.62) |
| Tax expense as per statutory income tax rate | 34.61% | (46.53) | 34.61% | (32.75) |
| DTA recognised due to temporary differences of previous years (refer note 40) | - | - | 103.74% | (98.16) |
| DTA arising due to indexation benefit on sale of shares | 5.65% | (7.60) | - | - |
| Net tax impact on deduction/ disallowances/ taxable income as per Income Tax Act 1961 | -(0.04%) | 0.05 | - | - |
| Income tax reported in Statement of Profit and Loss and effective tax rate | 40.22% | (54.08) | 138.35% | (130.91) |

* The above does not include discontinued operations.

10. Other tax assets (net)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--|------------------------|------------------------|-----------------------|
| Non-current | | | |
| Advance tax [net of provisions of ₹ 106.42 crores (31 March 2016: ₹ 106.42 crores, 1 April 2015: ₹ 106.42 crores)] | 11.53 | 11.29 | 10.46 |
| | 11.53 | 11.29 | 10.46 |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

11. Other assets

| | Non-current | | | Current | | |
|---|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Capital advances | 0.51 | 1.80 | 6.48 | - | - | - |
| Claims and other receivables | 10.89 | 8.35 | 8.05 | 81.24 | 56.42 | 48.65 |
| Customs and excise duties | - | - | - | 22.84 | 43.01 | 37.50 |
| Prepaid expenses | - | - | - | 4.34 | 5.37 | 5.04 |
| National Savings Certificates Vth issue (pledged with sales tax authorities) * | -* | -* | -* | - | - | - |
| Advance rent | 0.02 | 0.08 | 0.14 | 0.06 | 0.06 | 0.05 |
| Advances to vendors | 2.84 | 1.80 | 1.80 | 28.26 | 11.65 | 26.01 |
| Less: provision for doubtful advances | (2.84) | (1.80) | (1.80) | - | - | - |
| | 11.42 | 10.23 | 14.67 | 136.74 | 116.51 | 117.25 |

* ₹ 4,000 (31 March 2016: ₹ 4,000, 1 April 2015: ₹ 4,000)

12. Inventories

See accounting policy in notes 2(h)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Raw materials [include in transit ₹ 44.09 crores (31 March 2016: ₹ 7.93 crores, 1 April 2015: ₹ 84.92 crores)]* | 68.96 | 102.77 | 152.27 |
| Work-in-progress* | 15.73 | 19.76 | 14.08 |
| Finished goods*[include in transit ₹ 18.18 crores (31 March 2016: ₹ 4.99 crores, 1 April 2015: ₹ 8.59 crores)] | 87.48 | 112.52 | 91.04 |
| Stores and spares # [include in transit ₹ 0.01 crores (31 March 2016: Nil, 1 April 2015: ₹ 0.05 crores)] | 13.96 | 13.95 | 13.01 |
| Packing material # | 3.28 | 4.12 | 2.64 |
| Waste \$ | 5.17 | 3.59 | 0.44 |
| | 194.58 | 256.71 | 273.48 |

* valued at the lower of cost and net realisable value. The inventories were reduced by ₹ 5.28 crores (31 March 2016: ₹ 1.50 crores, 1 April 2015: ₹ 1.10 crores) on account of net realisable value being lower than the cost.

valued at cost or under

\$ at realisable value

The carrying amount of inventories is pledged as security for borrowings (refer note 16 and 17).

13. Trade receivables

See accounting policy in notes 2(p)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------------|------------------------|------------------------|-----------------------|
| Unsecured, considered good | 133.20 | 198.09 | 119.77 |
| Doubtful | 3.08 | 3.08 | 3.46 |
| | 136.28 | 201.17 | 123.23 |
| Less: allowance for doubtful debts | (3.08) | (3.08) | (3.46) |
| | 133.20 | 198.09 | 119.77 |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

All the trade receivables are due immediately. In case of delay beyond 10 days, the interest is generally recovered at the rate of 18% upto 30 days from the date of invoice and if the delay in beyond 30 days, it is recovered at the rate of 24% from the date of invoice. Average recovery rate of interest from overdue trade receivables in past years was 12-14%.

The Group's exposure to credit and currency risks and loss allowances related to trade receivables are disclosed in note 31.

The trade receivables are also pledged as security towards borrowings (refer note 16 and 17)

14. Cash and cash equivalents

See accounting policy in notes 2(r)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------|------------------------|------------------------|-----------------------|
| Balance with banks | | | |
| Current accounts | 4.47 | 5.77 | 11.06 |
| Fixed deposits | 1.07 | - | 12.44 |
| Cash on hand | 0.36 | 0.93 | 0.28 |
| | 5.90 | 6.70 | 23.78 |

14.1 Bank balances other than cash and cash equivalents

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------|------------------------|------------------------|-----------------------|
| Fixed deposits # | 52.97 | 68.57 | 31.53 |
| Balance with banks | | | |
| Unpaid dividend \$ | 0.46 | 0.39 | 0.38 |
| Margin money accounts ** | 10.65 | 7.60 | 0.08 |
| | 64.08 | 76.56 | 31.99 |

Pledged with bank for credit limits (refer note 17)

\$ Earmarked against the corresponding provision.

** Pledged with banks for performance guarantees issued to government authorities on behalf of the Company.

15. Equity share capital

| | As at 31 March 2017 | As at 31 March 2016 |
|--|------------------------|------------------------|
| Authorised | | |
| 23,51,00,000 (31 March 2016 and 1 April 2015: 18,50,00,000) equity shares of ₹ 10 each | 235.10 | 185.00 |
| Issued, subscribed and fully paid up | | |
| 15,18,22,242 (31 March 2016 and 1 April 2015: 15,18,22,242) equity shares of ₹ 10 each fully paid-up | 151.82 | 151.82 |
| | 151.82 | 151.82 |

Notes:

- During the current year and in the previous years, there have been no movements in the number of outstanding equity shares.
- The Company has only one class of equity shares, having a par value of ₹ 10 each. Each shareholder is eligible to one vote per share held, except for shares held against Global Depository Receipts (GDR). The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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(All amounts in ₹ crores, unless otherwise stated)

3. Shares in the Company held by each shareholder holding more than 5% (also refer note 4 below) are as under:

| Names | As at 31 March 2017 | | As at 31 March 2016 | |
|--|---------------------|------------------|---------------------|------------------|
| | Number of shares | % of shares held | Number of shares | % of shares held |
| Brookgrange Investments Limited | 5,04,96,057 | 33.26 | 4,32,88,057 | 28.51 |
| Mr.O.P. Lohia (Chairman and Managing Director) | 3,79,84,000 | 25.02 | 3,79,84,000 | 25.02 |
| Mrs.Urmila Lohia | 1,81,84,518 | 11.98 | 1,81,84,518 | 11.98 |
| APMS Investment Fund Limited | 1,26,52,175 | 8.33 | 1,26,52,175 | 8.33 |
| | 11,93,16,750 | 78.59 | 11,21,08,750 | 73.84 |

4. Above equity shares of ₹ 10 each include 3,082,560 (31 March 2016 and 1 April 2015 : 10,290,560) equity shares (representing 2.03% (31 March 2016 and 1 April 2015 : 6.78%) of total number of shares), outstanding against Global Depository Receipts (GDR), each GDR comprising 8 underlying fully paid up equity shares of ₹ 10 each, outstanding against 385,320 GDRs (31 March 2016 and 1 April 2015 : 1,286,320). Since, the same are held by depository, details of individual beneficiaries is not available with the Company.

5. The Company does not have any holding/ultimate holding company.

6. Authorised share capital of the company has increased pursuant to business combination.

15.1 Other Equity

| | As at 31 March 2017 | As at 31 March 2016 |
|--|---------------------|---------------------|
| a. Capital reserve | | |
| As at the beginning and at the end of the year | 20.38 | 20.38 |
| b. Securities premium account | | |
| As at the beginning and at the end of the year | 166.22 | 166.22 |
| c. General reserve | | |
| As at the beginning and at the end of the year | 58.13 | 58.13 |
| d. Surplus in the Statement of Profit and Loss | | |
| Opening balance | 203.66 | 184.35 |
| (Reduction) / addition | (81.43) | 37.58 |
| Less: Dividend | (15.18) | (15.18) |
| Less: Dividend distribution tax | (3.09) | (3.09) |
| Closing balance | 103.96 | 203.66 |
| e. Items of OCI - Remeasurements of the net defined benefit liability | | |
| Opening balance | 1.39 | - |
| Other comprehensive income for the year (net of taxes) | (0.20) | 1.39 |
| Closing balance | 1.19 | 1.39 |
| | 349.88 | 449.78 |

Nature of reserves

Capital reserve

It comprises of money received against forfeiture of equity shares and preference share warrants. It is not available for distribution as dividend. It is utilised in accordance with the provisions of Companies Act 2013.

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Securities premium account:

It is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of Companies Act, 2013.

General reserve

Free reserve to be utilised as per provisions of Companies Act, 2013.

16. Borrowings

| | Non-current | | | Current maturities | | |
|--|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Secured loan | | | | | | |
| Term loans - from banks | | | | | | |
| Rupee loans from banks | 45.59 | 44.73 | 71.40 | 34.23 | 26.71 | 23.73 |
| Foreign currency loans from banks | 33.80 | 53.92 | 35.92 | 24.00 | 17.98 | 36.00 |
| Term loans - other loans | | | | | | |
| Rupee loans | - | - | 133.11 | - | - | 9.61 |
| Less : current maturities presented in note 18 | - | - | - | (58.23) | (44.69) | (69.34) |
| | 79.39 | 98.65 | 240.43 | - | - | - |
| Deferred payment liabilities | | | | | | |
| Deferred payment liabilities towards acquisition of fixed assets | 1.55 | - | - | 0.36 | - | - |
| Less : current maturities presented in note 18 | - | - | - | (0.36) | - | - |
| | 80.94 | 98.65 | 240.43 | - | - | - |

| Nature of security | Terms of repayment |
|--|---|
| a) Rupee term loans from banks taken by Holding Company with carrying amount: | |
| i) of ₹ Nil crores (31 March 2016: ₹ 2.64 crores, 1 April 2015: ₹ 7.92 crores) are secured by specific charge over specific assets purchased under the loan agreement. | Repayable in 18 equal quarterly installments of ₹ 1.33 crores each commencing from June 2012, along with interest at bank rate plus 1.5%. |
| ii) of ₹ 11 crores (31 March 2016: ₹ 15.12 crores, 1 April 2015: ₹ 20.64 crores) are secured by exclusive charge on the captive power plant at Butibori, Maharashtra. | Repayable in 18 equal quarterly installments of ₹ 1.39 crores each commencing from 30 September 2014 along with interest at 3.25% over base rate. |
| iii) of ₹ 34.82 crores (31 March 2016: ₹ 52.92 crores, 1 April 2015: ₹ 65.35 crores) are secured primarily by first pari-passu charge on the current assets and collaterally by first pari-passu charge on the fixed assets of the company. Further, the same is secured by the personal guarantee of promoters, i.e., Mr. Om Prakash Lohia and Mr. Vishal Lohia. | Repayable in 8 equal quarterly installments of ₹ 3.12 crores each commencing from 30 September 2014 and 10 equal quarterly installments of ₹ 5 crores thereafter, along with interest at 3% over base rate. |
| iv) of ₹ 32.33 crores (31 March 2016 and 1 April 2015: ₹ Nil) are secured primarily by first pari-passu charge on entire movable and immovable fixed assets of the company, both present and future and collaterally by second pari-passu charge on entire current assets including raw materials, finished goods, stock-in-process, consumables, stores and spares at the Company's factory premises or at such places as may be approved by the bank from time to time including stocks-in-transit, book debts, receivables, on pari-passu basis with other banks. | Repayable in 6 equal monthly installments of ₹ 0.62 crores each commencing from June 2017 to Nov 2017, 24 equal monthly installments of ₹ 0.74 crore from Dec 2017 to Nov 2019, 12 equal monthly installments of ₹ 0.93 crore from Dec 2019 to Nov 2020, along with interest at 2.50% over base rate. |

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| Nature of security | Terms of repayment |
|---|--|
| v) aggregating to ₹ 1.67 crores (31 March 2016 ₹ 0.76 crores, 1 April 2015 ₹ 1.23 crores) are secured by hypothecation of specific vehicles. | <p>(a) ₹ Nil crores (previous year ₹ Nil crores, ₹ 0.05 crores) repayable in 36 monthly instalments commencing from January 2013.</p> <p>(b) ₹ 0.17 crores (previous year ₹ 0.56 crores, ₹ 0.91 crores) repayable in 36 monthly instalments commencing from September 2014.</p> <p>(c) ₹ 0.02 crores (previous year ₹ 0.08 crores, ₹ 0.14 crores) repayable in 36 monthly instalments commencing from June 2014.</p> <p>(d) ₹ 0.01 crores (Previous year ₹ 0.05 crores, ₹ 0.08 crores) repayable in 36 monthly instalments commencing from May 2014.</p> <p>(e) ₹ 0.01 crores (previous year ₹ 0.03 crores, ₹ 0.05 crores) repayable in 36 monthly instalments commencing from June 2014.</p> <p>(f) ₹ 0.02 crores (previous year ₹ 0.04 crores) repayable in 36 monthly instalments commencing from Nov 2015.</p> <p>(g) ₹ 0.96 crores (previous year ₹ Nil) repayable in 36 monthly instalments commencing from July 2016.</p> <p>(h) ₹ 0.23 crores (previous year ₹ Nil) repayable in 36 monthly instalments commencing from Aug 2016.</p> <p>(i) ₹ 0.25 crores (previous year ₹ Nil) repayable in 36 monthly instalments commencing from July 2016.</p> <p>The outstanding amount of borrowings taken from vehicles is ₹ 1.67 crores (previous year ₹ 0.76 crores, ₹ 1.23 crores) out of which current maturity payable next year amounts to ₹ 0.82 crores (previous year ₹ 0.53 crores, ₹ 0.51 crores).</p> |
| b) Foreign currency term loans from banks taken by Holding Company: | |
| i) of ₹ 36.78 crores (31 March 2016 ₹ 46.40 crores, 1 April 2015 ₹ 45.46 crores), are secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat. | The outstanding loan is repayable in 8 semi-annual installments in April and October every year with interest at six months EURIBOR plus 0.95%. The loan is to be repaid by October 2019. Amount payable within one year amounts to ₹ 15.46 crores (Previous year ₹ 11.60 crores, ₹ 22.77 crores). |
| ii) of ₹ 21.02 crores (31 March 2016 ₹ 25.50 crores, 1 April 2015 ₹ 26.46 crores) are secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat. | The outstanding loan is repayable in 8 semi-annual installments in April and October every year with interest at six months LIBOR plus 0.95%. The loan is to be repaid by October 2019. Amount payable within one year amounts to ₹ 8.54 crores (Previous year ₹ 6.38 crores, ₹ 13.23 crores). |
| c) Rupee term loans from others taken by Subsidiary (Indo Rama Renewables Jath Limited): | |

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| Nature of security | Terms of repayment |
|--|---|
| of ₹ Nil crores (31 March 2016: ₹ Nil crores, 1 April 2015: ₹ 142.72 crores) | 144 structured monthly installments post moratorium period of 6 months from the Date of Commencement of Commercial Operation (DCCO) i.e. 1 October 2013. |
| The Loan is Secured in all respect pari passu among all lenders with the below mentioned charges/pledges/mortgages and guarantees : | |
| (a) First mortgage and charge of all the borrower's immovable properties (freehold/leased subject to provisions of applicable law in relation to forest land and revenue land, if any) together with all structures and appurtenances thereon and thereunder, both present and future; | Interest rate |
| (b) First charge by way of hypothecation of all the borrower's movable assets, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets, both present and future; | (i) Rate of interest: The rate of interest is "L&T Infra" prime lending rate (PLR) minus spread per annum with monthly rests ("Applicable Interest Rate") payable monthly. |
| (c) First charge on all intangible assets of the borrower including but not limited to goodwill and uncalled capital of the borrower, both present and future; | (ii) "Spread" is calculated as the difference between "L&T Infra" PLR and the Applicable Interest Rate amounting to 2.5% per annum. The spread was determined at the time of first disbursement based on the L&T Infra PLR on that date. Average interest rate for the year ended 31 March 2016 was 13% (previous year 13.25%). |
| (d) First charge on all accounts, revenue, all receivables, operating cash flows, commissions, reserves, book debts and DSR of the borrower including without limitation, the trust and retention accounts/escrow accounts (or any account in substitution thereof) and of all funds from time to time deposited therein and in all Permitted Investments or other securities representing all amounts credited to the trust and retention accounts both present and future; | (iii) The Applicable Interest Rate shall be reset on the first day of the subsequent month at the end of one year from the date of first disbursement ("First Reset Date") and every anniversary of such date thereafter ("Reset Date"), based on the then prevailing L&T Infra PLR. |
| (e) First charge by way of assignment, both present and future, of: | (iv) In case the account is irregular for more than one month at time of reset, no benefit for reduction in interest would be passed on, though the increase in interest will be loaded. |
| (i) All rights, title, interest, benefits, claims and demands, whatsoever of the borrower in, to and under all of the project documents as may be amended, varied and supplemented from time to time, including erection & commissioning contract, supply contract, operation and maintenance agreement (O&M) etc. duly acknowledged/consented in writing by relevant counter parties to such project document(s); | |
| (ii) All rights, title and interest, claims and demands, whatsoever of the borrower in, to and under all the permits, approvals, clearance(s) and the government approvals; | |
| (iii) All rights, title, interest benefits, claims and demands, whatsoever of the borrower in, to and under all the guarantees/letter of credit other performance bonds warranties, corporate guarantee, bank guarantee, indemnities and securities that may be furnished in favour of the borrower by the various contractors and any party under the project documents, after obtaining the written consent of the parties thereto, if necessary. | |
| (iv) All rights, title, benefits, claims, demands and interest, whatsoever under all the Insurance contracts/ insurance proceeds pertaining to the project. | |

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(All amounts in ₹ crores, unless otherwise stated)

| Nature of security | Terms of repayment |
|---|--------------------|
| (f) Pledge of 76% (seventy six per cent) of the paid up and voting equity share capital and of preference share capital (if any) held by the promoter in the share capital of the borrower till final settlement date, and; | |
| (g) An irrevocable and unconditional corporate guarantee from the promoter in favour of the security trustee acting for the benefit of lenders for the due payment/repayment of secured obligations. | |

17. Borrowings

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Secured loan | | | |
| Cash credit and working capital facilities from banks | 167.78 | 177.72 | 204.94 |
| | 167.78 | 177.72 | 204.94 |

Loans are secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores and spares, packing material, goods at port/in transit/under shipment, outstanding money, book debts, receivables and other current assets of the Company, both present (valued at ₹ 609.24 crores (31 March 2016: ₹ 816.40 crores, 1 April 2015: ₹ 669.11 crores) and future. These are further secured by a second charge on all the immovable properties of the Company, both present and future (refer note 3).

Details of delays in the repayment of dues (cash credit accounts) to banks and amount in default outstanding as at 31 March 2017 are as below:

| Bank Name | Nature of loan | Total amount delayed | No of days | Amount outstanding as at 31 March 2017 |
|---------------------------|----------------|----------------------|--------------|--|
| Bank of India | Overdrawn | 242.67 | 1 to 48 days | 11.79 |
| HDFC Bank | Overdrawn | 71.18 | 2 to 59 days | - |
| Punjab National Bank | Overdrawn | 114.83 | 1 to 67 days | 12.64 |
| State Bank of India | Overdrawn | 109.38 | 4 to 34 days | 14.68 |
| State Bank of Travancore | Overdrawn | 141.5 | 1 to 63 days | - |
| Oriental Bank of Commerce | Overdrawn | 116.34 | 5 to 46 days | 14.92 |
| Axis Bank | Overdrawn | 104.52 | 1 to 77 days | 0.05 |

18. Other financial liabilities

See accounting policies in notes 2(p)

| | Non-current | | | Current | | |
|--|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--------------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Current maturities of long-term borrowings (refer note 16) | - | - | - | 58.23 | 44.69 | 69.34 |
| Current maturities of deferred payment liabilities (refer note 16) | - | - | - | 0.36 | - | - |
| Interest accrued but not due on borrowings | - | - | - | 2.69 | 0.67 | 1.19 |
| Unpaid dividends* | - | - | - | 0.46 | 0.39 | 0.38 |
| Forward cover payable | - | - | - | 1.27 | - | - |

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(All amounts in ₹ crores, unless otherwise stated)

18. Other financial liabilities (contd.)

| | Non-current | | | Current | | |
|----------------------------------|-------------|-------------|-------------|--------------|---------------|--------------|
| | As at | As at | As at | As at | As at | As at |
| | 31 March | 31 March | 1 April | 31 March | 31 March | 1 April |
| | 2017 | 2016 | 2015 | 2017 | 2016 | 2015 |
| Lease equalization reserve | 0.10 | 0.37 | 0.64 | 0.27 | 0.27 | 0.17 |
| Payable to employees | - | - | - | 17.87 | 18.65 | 16.15 |
| Creditors towards fixed assets # | - | - | - | 7.52 | 42.23 | 8.38 |
| | 0.10 | 0.37 | 0.64 | 88.67 | 106.90 | 95.61 |

Note:

* There are no outstanding dues to be paid to Investor Education and Protection Fund.

includes amounts payable to micro enterprises and small enterprises ₹ Nil (31 March 2016 and 1 April 2015: ₹ Nil).

19. Provisions

See accounting policy in notes 2(j)

| | Non-current | | | Current | | |
|--|--------------|--------------|--------------|-------------|-------------|-------------|
| | As at | As at | As at | As at | As at | As at |
| | 31 March | 31 March | 1 April | 31 March | 31 March | 1 April |
| | 2017 | 2016 | 2015 | 2017 | 2016 | 2015 |
| Provision for employee benefits (refer note 32) | | | | | | |
| Gratuity | 13.35 | 12.11 | 12.65 | 1.08 | 1.01 | 1.00 |
| Compensated absences | 7.42 | 6.68 | 7.25 | 1.77 | 1.95 | 1.86 |
| | 20.77 | 18.79 | 19.90 | 2.85 | 2.96 | 2.86 |

20. Trade payables

| | As at | As at | As at |
|---|---------------|---------------|---------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Total outstanding dues of micro enterprises and small enterprises (refer note 39) | 0.70 | 0.03 | - |
| Others | 703.38 | 734.86 | 542.90 |
| | 704.08 | 734.89 | 542.90 |

21. Other current liabilities

| | As at | As at | As at |
|-------------------------------|---------------|---------------|--------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Advances from customers | 22.93 | 22.31 | 12.55 |
| Statutory dues payable | | | |
| Excise duty on finished goods | 9.12 | 12.92 | 8.91 |
| Customs duty | 5.15 | 14.11 | 15.00 |
| Tax deducted at source | 2.44 | 2.45 | 1.12 |
| Other statutory dues | 1.25 | 1.13 | 1.07 |
| | 40.89 | 52.92 | 38.65 |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

22. Revenue from operations

See accounting policy in note 2(k)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| a) Sale of products (including excise duty); | | |
| Finished goods | 2,651.58 | 2,714.69 |
| | 2,651.58 | 2,714.69 |
| b) Other operating income; | | |
| Scrap sales | 11.67 | 11.24 |
| VAT refund | 26.07 | 29.76 |
| Interest from customers | 6.68 | 13.91 |
| Interest on insurance claims [refer note 38 (b)] | 2.92 | 10.95 |
| Others | 2.13 | 5.05 |
| | 49.47 | 70.91 |
| | 2,701.05 | 2,785.60 |

23. Other income

See accounting policies in note 2(k)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Interest income on fixed deposits | 4.35 | 4.83 |
| Unwinding of discount on security deposits | 0.07 | 0.07 |
| Profit on sale of current investments (net) | 27.39 | - |
| Reversal of provision for diminution in the value of current investments | 0.48 | 0.05 |
| Dividend income from current investments | 0.01 | 0.60 |
| | 32.30 | 5.55 |

24. Cost of raw materials consumed

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Purified terephthalic acid | 1,307.06 | 1,346.81 |
| Mono ethylene glycol | 534.74 | 607.63 |
| Others | 81.98 | 68.97 |
| | 1,923.78 | 2,023.41 |
| Less: write down of inventory, considered as exceptional item (refer note 41) | - | (4.09) |
| | 1,923.78 | 2,019.32 |

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25. Decrease / (increase) in inventory

| | Year ended 31 March 2017 | | Year ended 31 March 2016 | | Increase / (decrease) |
|---|-----------------------------|--------------|-----------------------------|----------------|--------------------------|
| Inventories at the end of the year | | | | | |
| - Finished goods | 87.48 | | 112.52 | | |
| -Work-in-progress | 15.73 | | 19.76 | | |
| -Waste | 5.17 | 108.38 | 3.59 | 135.87 | (27.49) |
| Inventories at the beginning of the year | | | | | |
| - Finished goods | 112.52 | | 91.04 | | |
| -Work in progress | 19.76 | | 14.08 | | |
| -Waste | 3.59 | 135.87 | 0.44 | 105.56 | 30.31 |
| | | 27.49 | | (30.31) | 2.82 |
| Write down of inventory, considered as exceptional item (refer note 41) | | - | | (22.59) | 22.59 |
| | | 27.49 | | (52.90) | 25.41 |

26. Employee benefits expense

See accounting policy in note 2(i)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Salaries, wages and bonus | 94.63 | 95.66 |
| Contribution to provident and other funds (refer note 32) | 5.20 | 5.11 |
| Staff welfare expenses | 4.70 | 4.97 |
| | 104.53 | 105.74 |

27. Other expenses

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Consumption of stores and spares | 27.06 | 27.29 |
| Power and fuel | 200.67 | 165.17 |
| Rent and hire charges (refer note 35) | 6.94 | 6.82 |
| Repairs and maintenance | 21.54 | 24.39 |
| Insurance | 1.48 | 1.61 |
| Less: recovery | 0.46 | 0.48 |
| Packing materials consumed | 59.61 | 55.14 |
| Freight and forwarding charges | 111.59 | 103.24 |
| Less: recovery | 75.14 | 77.73 |
| Brokerage and commission on sales (other than to selling agents) | 11.18 | 10.00 |
| Cash discounts and claims | 8.84 | 10.60 |
| Directors' sitting fees | 0.08 | 0.09 |
| Legal and professional charges | 7.91 | 5.40 |
| Auditor's remuneration | | |
| - for audit | 0.39 | 0.44 |
| - for other services | 0.24 | 0.27 |
| - for reimbursement of out of pocket expenses | 0.05 | 0.05 |
| Donations | 0.04 | 0.04 |
| Corporate social responsibility expenses (refer note 43) | 0.20 | 0.12 |
| Allowance for doubtful debts and advances | 6.34 | 0.45 |
| Loss on discard / disposal of fixed assets | 0.18 | 0.09 |
| Increase in excise duty on stocks of finished goods and waste | (3.79) | 4.01 |
| Loss on fair valuation of investments | - | 8.51 |
| Miscellaneous expenses | 32.05 | 33.59 |
| | 417.00 | 379.11 |

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(All amounts in ₹ crores, unless otherwise stated)

28. Finance costs

See accounting policies in note 2(m)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Interest | | |
| On fixed loans using effective interest rate method | 0.22 | 0.18 |
| On working capital | 11.74 | 12.65 |
| Others | 40.91 | 16.34 |
| Bank charges | 24.45 | 18.59 |
| Remeasurement of actuarial interest cost (refer note 32) | 1.78 | 1.84 |
| Other borrowing costs | 11.98 | 4.08 |
| | 91.08 | 53.68 |

29. Depreciation and amortisation expense

See accounting policies in note 2(e)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Depreciation on property, plant and equipment (refer note 3) | 79.48 | 77.69 |
| Amortisation on intangible assets | - | 0.05 |
| | 79.48 | 77.74 |

30. Earning per share

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| a) Net Profit / (loss) for basic and diluted EPS | | |
| Continuing operations | (80.25) | 35.64 |
| Total operations | (81.43) | 37.58 |
| b) Number of equity shares at the beginning and at the end of the year | 15,18,22,242 | 15,18,22,242 |
| Total number of shares outstanding at the end of the year | 15,18,22,242 | 15,18,22,242 |
| Basic and diluted (loss) / earning per share - (₹) | | |
| Continuing operations | (5.29) | 2.35 |
| Total operations | (5.36) | 2.48 |

31. Financial instruments - accounting classifications and fair value measurements

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 a forced or liquidation sales.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash, trade and other short-term receivables, intercompany receivables, payables, loans and advances and other current liabilities approximated their carrying amounts largely due to the short-term maturities of these instruments.
2. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data. Fair value is generally determined using discounted cash flow analysis.

A. Accounting classifications and fair values

The following tables shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

As at 31 March 2017

| Financial instruments by category | Carrying amount | Fair value | | |
|---|-----------------|-------------|---------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised costs | | | | |
| Security deposits (non-current) | 2.43 | - | - | 2.43 |
| Fixed deposits (non-current) | 0.98 | - | - | 0.98 |
| Financial assets at FVTPL | | | | |
| Current investments | 1.22 | 1.22 | - | - |
| Surrender value of keyman insurance | 6.43 | - | 6.43 | - |
| Forward cover receivable (net) | 5.84 | - | 5.84 | - |
| Financial assets where fair value is same as carrying value | | | | |
| Trade receivables | 133.20 | - | - | - |
| Cash and cash equivalents | 5.90 | - | - | - |
| Bank balances other than cash and cash equivalents | 64.08 | - | - | - |
| Claims and other receivables | 65.67 | - | 65.67 | - |
| Others | 4.78 | - | - | - |
| Total | 290.53 | 1.22 | 77.94 | 3.41 |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | | | | |
| Borrowings - term loans from banks | 137.62 | - | 137.62 | - |
| Deferred payment liabilities | 1.91 | - | 1.91 | - |
| Financial liabilities where fair value is same as carrying value | | | | |
| Trade payables | 704.08 | - | - | - |
| Short-term borrowings | 167.78 | - | - | - |
| Payable to employees | 17.87 | - | - | - |
| Creditors towards fixed assets | 7.52 | - | - | - |
| Other financial liabilities | 4.79 | - | - | - |
| Total | 1,041.57 | - | 139.53 | - |
| Financial assets recorded as | | | | |
| Non-current | 10.53 | | | |
| Current | 280.00 | | | |
| | 290.53 | | | |
| Financial liability recorded as | | | | |
| Non-current | 81.04 | | | |
| Current | 960.53 | | | |
| | 1,041.57 | | | |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

As at 31 March 2016

| Financial Instruments by category * | Carrying amount | Fair value | | |
|---|-----------------|-------------|---------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised costs | | | | |
| Security deposits (non-current) | 1.97 | - | - | 1.97 |
| Financial assets at FVTPL | | | | |
| Current investments | 0.74 | 0.74 | - | - |
| Surrender value of keyman insurance | 5.57 | - | 5.57 | - |
| Forward cover receivable (net) | 14.51 | - | 14.51 | - |
| Financial assets where fair value is same as carrying value | | | | |
| Trade receivables | 198.09 | - | - | - |
| Cash and cash equivalents | 6.70 | - | - | - |
| Bank balances other than cash and cash equivalents | 76.56 | - | - | - |
| Claims and other receivables | 62.71 | - | 62.71 | - |
| Others | 8.36 | - | - | - |
| Total | 375.21 | 0.74 | 82.79 | 1.97 |
| Financial Liabilities | | | | |
| Financial Liabilities at amortised cost | | | | |
| Borrowings - term loans from banks | 143.34 | - | 143.34 | - |
| Financial liabilities where fair value is same as carrying value | | | | |
| Trade payables | 734.89 | - | - | - |
| Short-term borrowings | 177.72 | - | - | - |
| Payable to employees | 18.65 | - | - | - |
| Creditors towards fixed assets | 42.23 | - | - | - |
| Other financial liabilities | 1.70 | - | - | - |
| Total | 1,118.53 | - | 143.34 | - |
| Financial assets recorded as | | | | |
| Non-current | 8.23 | | | |
| Current | 366.98 | | | |
| | 375.21 | | | |
| Financial liability recorded as | | | | |
| Non-current | 99.02 | | | |
| Current | 1019.51 | | | |
| | 1,118.53 | | | |

* The above do not include assets and liabilities pertaining to discontinued operations (refer note 42).

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(All amounts in ₹ crores, unless otherwise stated)

As at 1 April 2015

| Financial instrument by category | Carrying amount | Fair value | | |
|---|-----------------|--------------|---------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Financial assets at amortised costs | | | | |
| Security deposits (non-current) | 1.72 | - | - | 1.72 |
| Financial assets at FVTPL | | | | |
| Current investments | 50.54 | 50.54 | - | - |
| Surrender value of keyman insurance | 4.80 | - | 4.80 | - |
| Forward cover receivable (net) | 13.90 | - | 13.90 | - |
| Financial Assets where fair value is same as carrying value | | | | |
| Trade receivables | 119.77 | - | - | - |
| Cash and cash equivalents | 23.78 | - | - | - |
| Bank balances other than cash and cash equivalents | 31.99 | - | - | - |
| Claims and other receivables | 52.32 | - | 52.32 | - |
| Others | 6.09 | - | - | - |
| Total | 304.91 | 50.54 | 71.02 | 1.72 |
| Financial Liabilities | | | | |
| Financial Liabilities at amortised cost | | | | |
| Borrowings - term loans from banks | 309.77 | - | 309.77 | - |
| Financial Liabilities where fair value is same as carrying value | | | | |
| Trade payables | 542.88 | - | - | - |
| Short-term borrowings | 204.94 | - | - | - |
| Payable to employees | 16.15 | - | - | - |
| Creditors towards fixed assets | 8.38 | - | - | - |
| Other financial liabilities | 2.38 | - | - | - |
| | 1,084.50 | - | 309.77 | - |
| Financial assets recorded as | | | | |
| Non-current | 7.16 | | | |
| Current | 297.75 | | | |
| | 304.91 | | | |
| Financial liability recorded as | | | | |
| Non-current | 241.07 | | | |
| Current | 843.43 | | | |
| | 1,084.50 | | | |

B. Measurement of fair values

Assets and liabilities are to be measured based on the following valuation techniques:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach – Converting the future amounts based on market expectations to its present value using the discounting methodology.

Cost approach – Replacement cost method.

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments which are traded in stock exchanges and valued using closing price at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on the conditions existing at the end of each reporting period.

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used. Related valuation processes are described in note 2(o).

Financial instruments measured at fair value

| Type | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|-------------------------------------|--|---------------------------------|---|
| Deposit* | Discounted cash flows: The valuation model considers the present value of receivables, discounted using a risk adjusted discount rate. | Risk adjusted discount rate. | Not applicable |
| Surrender value of keyman insurance | Valuation as received and confirmed by the insurer | Not applicable | Not applicable |
| Forward exchange contracts | Derivative financial instruments consist of foreign currency forward exchange contracts. Fair values for derivative financial instruments are based on broker quotations and are classified as Level 2 | Not applicable | Not applicable |
| Claims and other receivables | Amount estimated based on the estimated probability of the outcome of litigation based on the management's assessment supported by legal advice. | Not applicable | Not applicable |
| Financial liabilities** | Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk adjusted discount rate. | Not applicable | Not applicable |

* The fair value of the deposits is computed using the discounted cash flows based on the current lending rates which is unchanged and therefore fair value of deposits is same as its carrying amount. They are classified as level 3 fair values in the fair value hierarchy due to use of unobservable inputs.

** Financial liabilities include secured and unsecured bank loans, convertible debentures liability component, loans from associates, finance lease obligation and other financial liabilities.

There have been no transfers between level 1, 2 and 3 during the current or previous financial year.

Reconciliation of level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

| | 31 March 2017 | 31 March 2016 |
|--|---------------|---------------|
| Balance as at 1 April | 1.97 | 1.72 |
| Fair value adjusted during the year included in 'other income' | 0.07 | 0.07 |
| Additions during the year | 1.37 | 0.18 |
| Balance as at 31 March | 3.41 | 1.97 |

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to the Consolidated financial statements for the year ended 31 March 2017

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk [see point no. (ii) below]
- liquidity risk - [see point no. (iii) below]; and
- market risk - [see point no. (iv) below]

(i) Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's risk committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(ii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Trade receivables

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 and country in which customers operate.

The risk management committee 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 review includes external informations, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the risk management committee.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 10 days for all customer categories. In case of delay beyond 10 days, the interest is generally recovered at the rate of 18% upto 30 days from the date of invoice and if the delay in beyond 30 days, it is recovered at the rate of 24% from the date of invoice. Average recovery rate of interest from overdue trade receivables in past years was 12-14%. Most of the Group's customers have been transacting with the Group from past few years, and most of these customers' balances are not credit-impaired at the reporting date except in few cases. Identifying concentrations of credit risk requires judgement in the light of specific circumstances. The Group monitors ageing of its trade receivables regularly and based on the same takes corrective action. Trade receivables having ageing more than 180 days is monitor individually and loss allowance is created based on such assessment.

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

A summary of the Group's exposure to credit risk for trade receivables based on the ageing is as follows:

| Ageing of Receivables | 31 March 2017 | | 31 March 2016 | | 1 April 2015 | |
|-----------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
| | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance | Gross carrying amount | Loss allowance |
| Less than 180 days | 116.11 | - | 184.94 | - | 117.62 | - |
| More than 180 days | 20.17 | 3.08 | 16.23 | 3.08 | 5.61 | 3.46 |
| | 136.28 | 3.08 | 201.17 | 3.08 | 123.23 | 3.46 |

As the Group is recovering interest for the delays beyond the credit period, no expected loss allowances is created for the overdue balance.

The movement in the allowance for impairment in respect of trade receivables and loans is as follows:

| | 31 March 2017 | 31 March 2016 |
|---|---------------|---------------|
| Balance as at 1 April | 3.08 | 3.46 |
| Net remeasurement of loss allowance (net of reversal) | - | (0.38) |
| Balance as at 31 March | 3.08 | 3.08 |

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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. The Group uses activity-based costing to cost its products, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments:

| As at 31 March 2017 | Less than 1 year | 1 to 5 years | Total |
|------------------------------------|------------------|--------------|-----------------|
| Borrowings - term loans from banks | 58.23 | 79.39 | 137.62 |
| Deferred payment liabilities | 0.36 | 1.55 | 1.91 |
| Trade payables | 704.08 | - | 704.08 |
| Short-term borrowings | 167.78 | - | 167.78 |
| Payable to employees | 17.87 | - | 17.87 |
| Creditors towards fixed assets | 7.52 | - | 7.52 |
| Other financial liabilities | 4.69 | 0.10 | 4.79 |
| Total | 960.53 | 81.04 | 1,041.57 |

| As at 31 March 2016 | Less than 1 year | 1 to 5 years | Total |
|------------------------------------|------------------|--------------|-----------------|
| Borrowings - term loans from banks | 44.69 | 98.65 | 143.34 |
| Trade payables | 734.89 | - | 734.89 |
| Short-term borrowings | 177.72 | - | 177.72 |
| Payable to employees | 18.65 | - | 18.65 |
| Creditors towards fixed assets | 42.23 | - | 42.23 |
| Other financial liabilities | 1.33 | 0.37 | 1.70 |
| Total | 1,019.51 | 99.02 | 1,118.53 |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| As at 1 April 2015 | Less than 1 year | 1 to 5 years | Total |
|------------------------------------|------------------|---------------|-----------------|
| Borrowings - term loans from banks | 69.34 | 240.43 | 309.77 |
| Trade payables | 542.88 | - | 542.88 |
| Short-term borrowings | 204.94 | - | 204.94 |
| Payable to employees | 16.15 | - | 16.15 |
| Creditors towards fixed assets | 8.38 | - | 8.38 |
| Other financial liabilities | 1.74 | 0.64 | 2.38 |
| | 843.43 | 241.07 | 1,084.50 |

As disclosed in note 16 and 17, the Group has a secured bank loan that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreement.

The interest payments on variable interest rate loans in the table above reflect spot interest rates at the reporting date and these amounts may change as market interest rates change. However, the Group doesn't expect significant different amount on account of change in market interest rate changes.

Capital Management

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 primary objective of the Group's Capital Management is to maximise the shareholder's value. Management also monitors the return on capital. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
|--|-----------------|-----------------|-----------------|
| Total liabilities | 1,106.08 | 1,327.22 | 1,276.83 |
| Less: Cash and cash equivalents | 5.90 | 6.70 | 23.78 |
| Adjusted net debt | 1,100.18 | 1,320.52 | 1,253.05 |
| Total equity | 501.70 | 601.60 | 580.90 |
| Adjusted net debt to equity ratio | 2.19 | 2.20 | 2.16 |

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated. The currencies in which these transactions are primarily denominated are US dollars and Euro. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk (based on notional amounts) as reported to the management is as follows.

As at 31 March 2017

| Particulars | Currency | Amount in foreign currency (in Mn) | Exchange rate (in absolute rupees) | Unhedge amount (in ₹ crore) |
|---|----------|------------------------------------|------------------------------------|-----------------------------|
| Trade payables | USD | 22.78 | 64.86 | 147.75 |
| | Euro | 0.18 | 69.31 | 1.25 |
| | JPY | 68.07 | 0.58 | 3.95 |
| Advances from customers | USD | 0.58 | 64.86 | 3.76 |
| Loans (including interest payable) | USD | 4.98 | 64.86 | 32.30 |
| | Euro | 5.43 | 69.31 | 37.64 |
| Receivables | USD | 7.24 | 64.86 | 46.96 |
| Capital creditors | USD | 0.44 | 64.86 | 2.85 |
| Net exposure in respect of recognised assets and liabilities | | 109.70 | | 276.46 |

As at 31 March 2016

| Particulars | Currency | Amount in foreign currency (in Mn) | Exchange rate (in absolute rupees) | Unhedge amount (in ₹ crore) |
|---|----------|------------------------------------|------------------------------------|-----------------------------|
| Trade payables | USD | 24.95 | 66.26 | 165.32 |
| | Euro | 0.01 | 75.42 | 0.11 |
| | JPY | 107.13 | 0.59 | 6.32 |
| | AED | 5.06 | 18.04 | 9.13 |
| Advances from customers | USD | 0.35 | 66.26 | 2.34 |
| Loans (including interest payable) | USD | 22.80 | 66.26 | 151.06 |
| | Euro | 6.19 | 75.42 | 46.70 |
| Capital creditors | USD | 1.72 | 66.26 | 11.42 |
| Net exposure in respect of recognised assets and liabilities | | 168.21 | | 392.40 |

As at 1 April 2015

| Particulars | Currency | Amount in foreign currency (in Mn) | Exchange rate (in absolute rupees) | Unhedge amount (in ₹ crore) |
|---|----------|------------------------------------|------------------------------------|-----------------------------|
| Trade payables | USD | 51.31 | 62.51 | 320.73 |
| Advances from customers | Euro | 0.02 | 67.21 | 0.15 |
| | JPY | 79.52 | 0.52 | 4.14 |
| | AED | 4.81 | 17.02 | 8.19 |
| | USD | 0.70 | 62.51 | 4.36 |
| Loans (including interest payable) | USD | 32.23 | 62.51 | 201.43 |
| | Euro | 6.81 | 67.21 | 45.77 |
| Net exposure in respect of recognised assets and liabilities | | 175.40 | | 584.77 |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, US dollar, Euro against all other currencies 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 amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Currency | Movement in foreign currency | 31 March 2017 | | 31 March 2016 | |
|----------|------------------------------|--------------------|--------------------|--------------------|--------------------|
| | | Increase in profit | Decrease in profit | Increase in profit | Decrease in profit |
| USD | 5% movement | 6.99 | (6.99) | 16.51 | (16.51) |
| Euro | 5% movement | 1.94 | (1.94) | 2.34 | (2.34) |
| JPY | 5% movement | 0.20 | (0.20) | 0.32 | (0.32) |
| AED | 5% movement | - | - | 0.46 | (0.46) |

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. In order to optimise the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Group is not exposed to significant interest rate risk as at the respective reporting dates.

Other market price risks

The Group is exposed to equity price risk, which arises from investments measured at fair value through profit or loss. The management monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee. The primary goal of the Group's investment strategy is to maximise investment returns.

Sensitivity analysis for quoted investments

| | 31 March 2017 | | 31 March 2016 | |
|------------------------|---------------|----------|---------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Change in prices by 5% | 0.06 | (0.06) | 0.04 | (0.04) |

32. Disclosure pursuant to Ind AS 19 on "Employee benefits"

a. Defined contribution plans

An amount of ₹ 4.58 crores (31 March 2016 ₹ 4.52 crores) for the year has been recognised as an expense in respect of the Group's contributions towards Provident Fund and an amount of ₹ 0.62 crores (31 March 2016 ₹ 0.58 crores) for the year has been recognised as an expense in respect of Group's contributions towards Employee State Insurance, which are deposited with the government authorities and have been included under employee benefit expenses in the Consolidated Statement of Profit and Loss.

b. Defined benefit plans

Gratuity is payable to all eligible employees of the Group's on superannuation, death or permanent disablement in terms of the provisions of the Payment of Gratuity Act or as per the Group's Scheme, whichever is more beneficial.

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

The following table sets forth the status of the gratuity plan of the Group and the amounts recognised in the Consolidated Balance Sheet and Consolidated Statement of Profit and Loss:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Changes in present value of obligation | | |
| Present value of obligation as at the beginning of the year | 13.12 | 13.65 |
| Interest cost | 1.07 | 1.10 |
| Current service cost | 0.98 | 0.91 |
| Past service cost | - | - |
| Benefits paid | (1.29) | (1.33) |
| Actuarial loss / (gain) on obligation | 0.55 | (1.21) |
| Present value of obligation as at end of the year | 14.43 | 13.12 |
| - Long-term | 13.35 | 12.11 |
| - Short-term | 1.08 | 1.01 |
| | 14.43 | 13.12 |
| Expenses recognised in the Statement of Profit and Loss | | |
| Current service cost | 0.98 | 0.91 |
| Past service cost | - | - |
| Interest cost on benefit obligation | 1.07 | 1.10 |
| Expenses recognised in the Statement of Profit and Loss | 2.05 | 2.01 |
| Remeasurement losses/(gains) recognised in other comprehensive income | 0.55 | (1.21) |

The principal assumptions used in determining gratuity for the Group's plans are shown below:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|------------------------------------|-----------------------------|-----------------------------|
| Discount rate | 7.70% | 8.20% |
| Retirement age | 58 Years | 58 Years |
| Salary escalation rate (per annum) | 3.50% | 4% |
| Withdrawal rates | | |
| Age - Upto 30 years | 3% | 3% |
| 31-44 years | 2% | 2% |
| Above 44 years | 1% | 1% |
| Mortality table | IALM (2006-08) | IALM (2006-08) |

Discount Rate: The discount rate is estimated based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

Salary Escalation Rate: The estimates of salary increases, considered in actuarial valuation, take account of inflation, promotion and other relevant factors.

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(All amounts in ₹ crores, unless otherwise stated)

Sensitivity analysis

| Particulars | Year ended 31 March 2017 | | Year ended 31 March 2016 | |
|------------------------------|--------------------------|----------|--------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Gratuity | | | | |
| Discount rate (0.50%) | (0.65) | 0.69 | (0.63) | 0.67 |
| Future salary growth (0.50%) | 0.72 | (0.67) | 0.70 | (0.66) |

Expected contribution for the next annual reporting period

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--|-----------------------------|-----------------------------|
| Service cost | 1.04 | 1.02 |
| Net interest cost | 1.11 | 1.08 |
| Expected expense for the next annual reporting period | 2.15 | 2.10 |

Maturity profile of defined benefit obligation

| Year | Amount |
|--------------------|--------|
| Apr 2017- Mar 2018 | 1.08 |
| Apr 2018- Mar 2019 | 0.24 |
| Apr 2019- Mar 2020 | 0.30 |
| Apr 2020- Mar 2021 | 0.36 |
| Apr 2021- Mar 2022 | 0.46 |
| Apr 2022- Mar 2023 | 0.45 |
| Apr 2024 onwards | 11.54 |

c. Other long-term employee benefits:

An amount of ₹ 1.19 crores (31 March 2016 ₹ 1.10 crores) pertains to expense towards compensated absences and included in "Employee benefit expenses".

Sensitivity analysis

| Particulars | Year ended 31 March 2017 | | Year ended 31 March 2016 | |
|------------------------------|--------------------------|----------|--------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Compensated absence | | | | |
| Discount rate (0.50%) | (0.34) | 0.37 | (0.32) | 0.34 |
| Future salary growth (0.50%) | 0.38 | (0.36) | 0.36 | (0.34) |

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(All amounts in ₹ crores, unless otherwise stated)

33. Segment information:

A. Basis for segmentation

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 Board of Directors assisted by an executive committee from an overall business perspective, rather than reviewing its products/services as individual standalone components.

The Group has two reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Board Of Directors reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

| Reportable segments | Operations |
|---------------------|---|
| Polyester | Manufacturing of polyester and related activities |
| Renewable energy | Sale of renewable energy to State Government of Maharashtra |

The Group doesn't have any operation other than mentioned as above.

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 Board of Directors. 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.

| Particulars | Continuing Operations | | Discontinued Operations# | |
|--|-----------------------|-----------------|--------------------------|---------------|
| | Year ended | | Period ended | Year ended |
| | 31 March 2017 | 31 March 2016 | 16 May 2016 | 31 March 2016 |
| 1. Segment revenue | | | | |
| a) Segment-polyester | 2,701.05 | 2,785.60 | - | - |
| b) Segment-renewable energy | - | - | 2.78 | 36.51 |
| Revenue from operations | 2,701.05 | 2,785.60 | 2.78 | 36.51 |
| 2. Segment results [profits / (loss) before interest and tax from each segment] | | | | |
| a) Segment-polyester | (71.02) | (6.32) | - | - |
| b) Segment-renewable energy | - | - | 0.22 | 19.74 |
| Total | (71.02) | (6.32) | 0.22 | 19.74 |
| Less: | | | | |
| (i) Finance cost | (91.08) | (53.68) | (2.14) | (18.43) |
| (ii) Other unallocable income/ (expense) (including interest income) | 32.30 | (2.97) | 0.11 | 0.58 |
| Profit / (Loss) before taxation and exceptional items | (129.80) | (62.97) | (1.81) | 1.89 |
| Exceptional items | | | | |
| - Loss on account of write down of inventories | - | (26.68) | - | - |
| - Others | (4.73) | (4.23) | - | - |
| Profit / (loss) before tax | (134.53) | (93.88) | (1.81) | 1.89 |
| 3. Segment assets | | | | |
| a) Segment-polyester | 1,540.95 | 1,709.19 | - | - |
| b) Segment-renewable energy | - | - | - | 196.48 |
| c) Unallocated | 66.83 | 12.03 | - | 11.12 |
| Total Segment Assets | 1,607.78 | 1,721.22 | - | 207.60 |

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | Continuing Operations | | Discontinued Operations# | |
|----------------------------------|-----------------------|-----------------|--------------------------|---------------|
| | Year ended | | Period ended | Year ended |
| | 31 March 2017 | 31 March 2016 | 16 May 2016 | 31 March 2016 |
| 4. Segment liabilities | | | | |
| a) Segment-polyester | 797.53 | 871.09 | - | - |
| b) Segment-renewable energy | - | - | - | 0.86 |
| c) Unallocated | 308.55 | 322.09 | - | 133.16 |
| Total Segment Liabilities | 1,106.08 | 1,193.18 | - | 134.02 |
| Equity | 501.70 | 528.04 | - | 73.58 |
| Total | 1,607.78 | 1,721.22 | - | 207.60 |

The control over subsidiary dealing with Renewable energy was divested on 16 May 2016.

C. Geographical information

The geographical information analyses the Company's revenue and trade receivables from such revenue in India and other countries. In presenting the geographical information, segment revenue and receivables has been based on the geographic location of customers

(i) Revenue

| Particulars | Continuing Operations | | Discontinued Operations# | |
|--------------|-----------------------|-----------------|--------------------------|---------------|
| | Year ended | | Period ended | Year ended |
| | 31 March 2017 | 31 March 2016 | 16 May 2016 | 31 March 2016 |
| Domestic | 2,197.94 | 2,388.40 | 2.78 | 36.51 |
| Overseas | 503.11 | 397.20 | - | - |
| Total | 2,701.05 | 2,785.60 | 2.78 | 36.51 |

*Exports to any single country are not material to be disclosed

(ii) Trade receivables

| Particulars | Continuing Operations | | Discontinued Operations# | |
|--------------|-----------------------|---------------|--------------------------|---------------|
| | As at | | As at | |
| | 31 March 2017 | 31 March 2016 | 1 April 2015 | 31 March 2016 |
| Domestic | 86.60 | 158.96 | 91.36 | 4.77 |
| Overseas | 46.60 | 39.13 | 23.64 | - |
| Total | 133.20 | 198.09 | 115.00 | 4.77 |

The control over subsidiary dealing with Renewable energy was divested on 16 May 2016.

D. Accounting policies for segment

The accounting principles consistently used in the preparation of the Consolidated Financial Statements are consistently applied to record revenue and expenditure in individual segments are as set out in this schedule on significant accounting policies. In addition, the accounting policies in relation to segment accounting are as follows:

(i) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of fixed assets, capital work-in-progress, current and non-current assets and long-term and short-term loans and advances except advance tax, MAT credit entitlement and investments. Segment liabilities include all operating liabilities in respect of a segment and consist principally of creditors and accrued liabilities. Segment liabilities do not include share capital, reserves, borrowings and corresponding interest accrued, proposed dividend, provision for tax and deferred tax liability.

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(ii) Segment revenue and expenses

Segment revenue and expenses are directly attributable to the segment and have been allocated to various segments on the basis of specific identification. However, segment revenue and expenses do not include interest and other income/ (expense) in respect of non segmental activities.

34. Related parties

(i) Related parties where control exists: Nil

(ii) Other related parties with whom Group had transactions:

| | |
|---|---|
| (a) Key management personnel and their relatives | Company: Mr. Mohan Lal Lohia, Chairman Emeritus Mr. Om Prakash Lohia, Chairman cum Managing Director ('CMD') Mr. Vishal Lohia, Whole Time Director ('WTD') Mr. Anant Kishore, Director (upto 8 August 2016) Mrs. Urmila Lohia, Wife of CMD Mr. Aloke Lohia, Brother of CMD Mrs. Ritika Kumar, Daughter of CMD Ms. Aruna Goenka, Sister of CMD Mrs. Rimple Lohia, Wife of WTD |
| (b) Enterprises over which key management personnel or their relatives have significant influence | Indorama Petrochem Limited, Thailand T P T Petrochemicals Public Co. Limited, Thailand PT. Indorama Petrochemicals, Indonesia |
| (c) Enterprises having significant influence on the Group | Brookgrange Investments Limited |

(iii) Transactions with related parties other than with those with key managerial personnel:

| Particulars | Wholly owned subsidiaries | Enterprises over which key management personnel or their relatives have significant influence | Enterprises having significant influence on the Company | Total |
|---|---------------------------|---|---|----------------|
| Purchases of raw material | | | | |
| - Indorama Petrochem Limited | - | - | - | - |
| | (-) | (47.17) | | (47.17) |
| - TPT Petrochemicals Public Co. Limited | - | - | - | - |
| | (-) | (25.16) | | (25.16) |
| - PT. Indorama Petrochemicals | - | - | - | - |
| | (-) | (39.84) | | (39.84) |
| Dividend paid | | | | |
| - Brookgrange Investments Limited | - | - | - | - |
| | (-) | (-) | (4.33) | (4.33) |

Note : Previous year nos. have been given in brackets.

(iv) Transactions with key management personnel Compensation

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------|-----------------------------|-----------------------------|
| Short-term employee benefits | 5.54 | 6.01 |
| Post-employment defined benefit | 0.25 | 0.25 |
| Other long-term benefits | 1.46 | 1.54 |
| Total | 7.25 | 7.80 |

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(All amounts in ₹ crores, unless otherwise stated)

Dividend (accrual basis)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|----------------------|-----------------------------|-----------------------------|
| Mr. Om Prakash Lohia | - | 3.54 |
| Mrs. Urmila Lohia | - | 1.59 |
| Others | - | 0.68 |
| Total | - | 5.81 |

Other transactions

Personal guarantee has been given by Mr. Om Prakash Lohia (CMD) and Mr. Vishal Lohia (WTD) in respect of loan taken by the Company amounting to ₹ 34.97 crores (31 March 2016: ₹ 53.12 crores, 1 April 2015: ₹ 65.63 crores).

(v) Closing balances of related parties

| Particulars | Wholly owned subsidiaries | Enterprises over which key management personnel or their relatives have significant influence | Total |
|---|---------------------------|---|---------|
| Trade payables | | | |
| - Indorama Petrochem Limited | - | 30.13 | 30.13 |
| | (-) | (52.73) | (52.73) |
| | [-] | [61.15] | [61.15] |
| - TPT Petrochemicals Public Co. Limited | - | - | - |
| | (-) | (42.47) | (42.47) |
| | [-] | [90.80] | [90.80] |
| - P T Indorama Petrochemicals | - | - | - |
| | (-) | (-) | (-) |
| | [-] | [16.95] | [16.95] |

Note: Nos. as on 31 March 2016 have been given in () whereas as on 1 April 2015 have been given in []

All transactions with these related parties are priced on an arm's length basis and none of the balances is secured.

35. Operating lease

The Company has taken office space on operating lease. The lease rentals charged during the year in respect of cancellable and non-cancellable operating leases and maximum obligations on long-term non-cancellable operating lease payable as per the rentals stated in the agreement are as follows:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|----------------------|-----------------------------|-----------------------------|
| Lease rental expense | 6.94 | 6.82 |

Future minimum lease rentals for non-cancellable operating lease

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|------------------------|------------------------|-----------------------|
| Within one year | 1.67 | 1.67 | 1.67 |
| Later than one year and not later than five years | 0.64 | 2.31 | 3.98 |
| Total | 2.31 | 3.98 | 5.65 |

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36. Disclosure on Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note 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 to 30 December 2016. The details of SBNs and other denomination notes transacted during the above mentioned period is given below:

| Particulars | SBNs* | Other denomination notes | Total |
|---|----------|--------------------------|-------------|
| Opening Balance as at 8 November 2016 | 0.70 | 0.08 | 0.78 |
| Transactions between 9 November 2016 and 30 December 2016 | | | |
| Add : Withdrawal from bank accounts | - | 0.10 | 0.10 |
| Add : Receipt for permitted transactions | - | 0.02 | 0.02 |
| Less : Paid for permitted transactions | - | 0.14 | 0.14 |
| Less : Deposited in bank accounts | 0.70 | - | 0.70 |
| Closing balance as at 30 December 2016 | - | 0.06 | 0.06 |

* 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 8 November 2016.

37. Contingent liabilities and commitments (to the extent not provided for)

a. Contingent liabilities:

Claims against the Company not acknowledged as debts.

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---|-----------------------------|-----------------------------|
| Income tax matters in dispute/ under appeal | 23.33 | 11.88 |
| Excise/ customs/ service tax matters in dispute/ under appeal | 103.33 | 92.26 |
| Sales tax/ Value Added Tax matters in dispute/ under appeal | 8.24 | 12.84 |
| Claims by ex-employees, vendors, customers and civil cases | 1.03 | 0.95 |
| Total | 135.93 | 117.93 |

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Customs duty claims (including penalties) against the Company aggregating to ₹ 220.26 crores (previous year ₹ 220.26 crores) have not been considered contingent as favourable orders have been received, in some of the cases, by the Company from the Custom Excise and Service Tax Appellate Tribunal. The Company believes that its position is strong in this regard. The matter is pending with the Honorable Supreme Court.

Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgements/decisions pending with 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 Consolidated Financial Statements. The Company also believes that the above issues, when finally settled, are not likely to have any significant impact on the financial position of the Company. The Company does not expect any reimbursements in respect of the above contingent liabilities.

b. Commitments:

- i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 0.87 crores (31 March 2016: ₹ 28.28 crores and 1 April 2015: ₹ 36.30 crores).
- ii) The Company has commitments to export 134,174 MT (previous year 191,549 MT) of finished goods as per foreign trade policy pursuant to import of duty free material under advance license scheme.

38. Insurance claim receivables:

- (a) The Company had lodged claims with its insurance company for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to a fire incidence at Butibori plant in 2007-08. Since, the matter has been under dispute with the insurance company, as per the terms and conditions of the above policy, the Company has, during the previous years, initiated the arbitration process for a claim of ₹ 72.94 crores for loss of business interruption and for the claim of ₹ 6.43 crores for loss of assets. While the said

matter was pending conclusion by the Arbitral Tribunal, the Company, on a conservative basis, carried forward insurance recoverable (recorded in the financial year ended 31 March 2008) to the extent of ₹ 33.53 crores (net of receipt/adjustment) as advances recoverable, without prejudice to its right to claims aggregating ₹ 79.37 crores. On 1 August 2012, the Arbitral Tribunal decided the matter in the favour of the Company with an award of ₹ 32.45 crores (net off receipt/adjustment) and interest at 9% per annum from July 2008 till the date of payment. Pursuant to the above award, the Company had during the year 2012-13 recorded the interest receivable amounting to ₹ 11.69 crores upto July 2012 (the date of order) and aligned the carrying amount of insurance claim. The Insurance Company had filed an appeal in the Delhi High Court against the same. On 20 January 2015, the Delhi High Court Single bench pronounced the order wherein the Court has remanded the matter back to Arbitral Tribunal for computation of claim on "turnover basis". Subsequently, the Company had filed an appeal with the Delhi High Court double bench and an interim stay has been awarded pending disposal. Currently, the case is pending with Delhi High Court.

- (b) During the year ended 31 March 2017, the Company recognised interest of ₹ 2.92 crores (31 March 2016: ₹ 10.95 crores) on award decided by the arbitral tribunal, for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to fire incidence at its plant in 2007-08 under 'Revenue from operations'. The carrying amount of interest on insurance claim recoverable as at 31 March 2017 is ₹ 13.87 crores (31 March 2016: ₹ 10.95 crores and 1 April 2015: ₹ Nil)
- (c) Consequent to an incident of fire during the year 2011-12, the Company had spent ₹ 7.58 crores on refurbishment of the concerned plant and machinery, which had been recognised as a receivable from the insurance company under other current assets. During the previous year, the claim was rejected by insurer on grounds of insufficient premium paid. The Company has filed the writ petition on 6 May 2016 against the insurance company.

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Further, the Company strongly believes and is reasonably certain that the above cases do not have any significant impact on the financial position of the Group and it will be able to realise the above amounts in the normal course and, therefore, all the claims have been classified as current.

- 39.** Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

| Sl. no. | Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------|---|-----------------------------|-----------------------------|
| (i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year | | |
| | - principal amount* | 0.70 | 0.03 |
| | - interest thereon | - | - |
| (ii) | The amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day: | | |
| | - principal amount** | 1.31 | 0.14 |
| | - interest thereon | - | - |
| (iii) | The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act # | 0.13 | 0.01 |
| (iv) | The amount of interest accrued and remaining unpaid ## | 0.14 | 0.02 |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act. | - | - |

* ₹ 7,021 thousand (previous year ₹ 253 thousand)

** ₹ 13,094 thousand (previous year ₹ 1,421 thousand)

₹ 1,278 thousand (previous year ₹ 58 thousand)

₹ 1,436 thousand (previous year ₹ 158 thousand)

- 40.** (a) During the previous year, the Company internally assessed the operating margins and its set-off against accumulated unabsorbed depreciation as per the income tax laws. In the absence of reasonable certainty backed by convincing evidence and as a matter of prudence the Company had charged off MAT Credit entitlement amounting to ₹ 57.30 crores.

- (b) Earlier the Company had not recorded deferred tax asset in relation to unabsorbed depreciation as the same has been subject matter of litigation. Pursuant to the changes made by the Finance Act 2015 and based on the opinion of the legal counsel. In the previous year, the Company was reasonably certain that the litigation does not have any significant impact on recoverability of ₹ 158.33 crores of unabsorbed depreciation to the extent of future reversal of deferred tax liabilities.

- (c) The Company's business comprises of Polyester products, which is highly competitive and in the last few years there has been an over-supply in the industry. This has resulted in lower profit margins. However, the Company has taken several initiatives to improve its operational performance in terms of specialty products, higher capacity utilisation, cost control initiatives, improved liquidity plans and addition of new customers. Based on the above, the Company believes that the profitability will improve over the next few years. The Company has recognised deferred tax asset of ₹ 54.08 crores and is confident that the deferred tax assets carried as at 31 March 2017 are fully recoverable.

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41. Exceptional items :

Current year includes

The Holding Company has charged off ₹ 4.73 crores towards the net book value of fixed assets, capital work-in-progress and capital advance (to the extent not recoverable) acquired under the scheme of amalgamation during the financial year.

Previous year includes :

- i) Inventory losses amounting to ₹ 26.68 crores for the year ended 31 March 2016 which includes loss of ₹ 4.62 crores on account of write down of closing inventories, calculated on month on month basis, incurred by the Company due to crash in global crude oil prices and consequently impacting raw material prices i.e. PTA and MEG. The loss incurred had been primarily due to timing differences in the prices at which material had been purchased and sold.

- ii) 'Others' includes differential excise duty (including interest thereon) amounting to ₹ 4.23 crores paid in compliance with the judgement of the Supreme Court.

42. Discontinued Operations

Pursuant to the approval accorded by Board of Directors by its resolution dated 10 February 2016, the Group has entered into an agreement with Tata Power Renewable Energy Limited (TPREL) to sell 100% shares of its subsidiary Indo Rama Renewables Jath Limited. Indo Rama Renewables Jath Limited operates 30 MW Wind Farm at Jath, Maharashtra. The Group completed the process of complying with the conditions stipulated in the agreement by 16 May 2016. The share transfer was effected on 16 May 2016.

The results of the discontinued operation till the date of transfer were as under:-

A. Details of Profit / (loss) from ordinary activities

| Sl. no. | Particulars | Period upto 16 May 2016 | Year ended 31 March 2016 |
|---------|--|----------------------------|-----------------------------|
| 1 | Revenue from operations | 2.78 | 36.51 |
| 2 | Other income | 0.11 | 0.58 |
| 3 | Total income | 2.89 | 37.09 |
| 4 | Expenses | | |
| | (a) Employee benefits expense | 0.01 | 0.07 |
| | (b) Other expenses | 0.64 | 1.54 |
| | Total expenses before depreciation and finance costs | 0.65 | 1.61 |
| 5 | Profit from operations before depreciation and finance costs (3-4) | 2.24 | 35.48 |
| 6 | Depreciation expense | 1.91 | 15.16 |
| 7 | Finance costs | 2.14 | 18.43 |
| 8 | Profit / (loss) before tax (5-6-7) | (1.81) | 1.89 |
| 9 | Tax credit / (expense) | 0.63 | 0.05 |
| 10 | Net Profit / (loss) for the year from discontinued operations (8+9) | (1.18) | 1.94 |

B. Assets and Liabilities (as at the transfer date relating to the discontinued business)

| Sl. no. | Particulars | As at 16 May 2017 * | As at 31 March 2016 |
|---------|----------------------------------|------------------------|------------------------|
| 1 | Carrying amount of assets | - | 207.60 |
| 2 | Carrying amount of liabilities # | - | 149.92 |

includes ₹ Nil (previous year ₹ 15.90 crores) to be repaid to the Holding Company, which has been eliminated on consolidation being within the group as at 31 March 2016. As a part of transaction same has been recovered from TPREL in the current year.

* Pursuant to the aforesaid transactions, assets and liabilities has been transferred to TPREL.

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(All amounts in ₹ crores, unless otherwise stated)

C. Net Cash Flow

| Sl. no. | Particulars | Period upto 16 May 2016 | Year ended 31 March 2016 |
|---------|--------------------------------------|----------------------------|-----------------------------|
| 1 | Cash flows from operating activities | (0.63) | 25.33 |
| 2 | Cash flows from investing activities | 2.42 | 3.59 |
| 2 | Cash flows from financing activities | (2.21) | (28.52) |

D. Effect of disposal on the financial position of the Group

| Sl. no. | Particulars | Period upto 16 May 2016 | Year ended 31 March 2016 |
|--------------------|---|----------------------------|-----------------------------|
| Assets | | | |
| | Property, plant and equipment | 177.39 | 179.30 |
| | Deferred tax asset | 2.02 | 1.39 |
| | Current investments | 7.02 | 9.33 |
| | Trade receivables | 14.70 | 13.10 |
| | Cash and cash equivalents | - | 0.45 |
| | Other financial assets | 3.70 | 2.53 |
| | Other current assets | 0.65 | 1.50 |
| A | Total assets | 205.48 | 207.60 |
| Liabilities | | | |
| | Borrowings | 122.64 | 123.53 |
| | Trade payables | 0.05 | 0.56 |
| | Other financial liabilities-current | 26.34 | 9.63 |
| | Other current liabilities | - | 0.30 |
| B | Total liabilities | 149.03 | 134.02 |
| A-B | Assets (net of liabilities) | 56.45 | 73.58 |
| | Consideration received, satisfied in cash | 99.73 | - |
| | Cash and cash equivalents disposed off | (0.04) | - |
| | Net cash inflows | 99.69 | - |

43. CSR expenditure

(a) Gross amount required to be spent by the Group during the year: ₹ Nil (previous year ₹ Nil crores).

(b) Amount spent during current year is as follows:

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|------------------------|-----------------------------|-----------------------------|
| Promotion of education | 0.15 | 0.11 |
| Health care | 0.05 | 0.01 |
| Total | 0.20 | 0.12 |

44. Explanation of transition to Ind AS

As stated in note 2(a), 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 set out in note 2 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 Ind AS balance sheet 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

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to the Consolidated financial statements for the year ended 31 March 2017

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 applied the below mentioned optional exemption and mandatory exemptions.

A. Optional exemptions availed

1. Property plant and equipment and intangible assets

As per Ind AS 101, the Group may elect to use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

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. The same election has been made in respect of intangible assets also. The carrying values of property, plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities, if any.

2. Long-term foreign currency monetary items

The Group had followed accounting treatment prescribed under para 46A of the Previous GAAP for accounting of exchange fluctuations on long-term foreign currency monetary items. As per Ind AS 101 para D13AA of Appendix D, the Group has continued the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the Consolidated Financial Statements for the period ending immediately before the beginning of first Ind AS financial reporting period as per the previous GAAP.

B. Mandatory exceptions applied

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the Consolidated Financial Statements:

1. Estimates

The Group's estimates in accordance with Ind AS at the transition date to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 and at 31 March 2016 are consistent with the estimates as at the same date made in conformity with Previous GAAP.

As per Ind AS 101, where application of Ind AS, requires the Group 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. Key estimates considered in preparation of the Consolidated Financial Statements that were not required under the Previous GAAP are listed below:

- Fair value of financial instrument carried at FVTPL.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

2. Classification and measurement of financial assets

Ind AS 101 requires the Group to assess classification of financial assets on the basis of the 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 the 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.

Reconciliations:

The following reconciliations provide a quantification of the effect of the transition to Ind AS from Previous GAAP in accordance with Ind AS 101:

- Equity as at 1 April 2015 (Transition date)
- Equity as at 31 March 2016
- Total comprehensive income for the period ended 31 March 2016

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Reconciliation of equity as at the date of transition 1 April 2015

| | Note | Previous GAAP* | Adjustments on transition to Ind AS | Ind AS |
|---|-------|-----------------|-------------------------------------|-----------------|
| Assets | | | | |
| [1] Non-current assets | | | | |
| (a) Property, plant and equipment | i | 1,133.71 | (4.49) | 1,129.22 |
| (b) Capital work-in-progress | | 6.36 | - | 6.36 |
| (c) Other intangible assets | | 0.05 | - | 0.05 |
| (d) Financial assets | | | | |
| (i) Loans | ii | 1.97 | (0.25) | 1.72 |
| (ii) Other financial assets | | 5.44 | - | 5.44 |
| (e) Deferred tax asset (net) | vi | 2.13 | (0.79) | 1.34 |
| (f) Other tax assets (net) | | 10.46 | - | 10.46 |
| (g) Other non-current assets | ii, v | 16.32 | (1.65) | 14.67 |
| | | 1,176.44 | (7.18) | 1,169.26 |
| [2] Current assets | | | | |
| (a) Inventories | | 273.48 | - | 273.48 |
| (b) Financial assets | | | | |
| (i) Investments | iii | 16.26 | 34.28 | 50.54 |
| (ii) Trade receivables | | 119.77 | - | 119.77 |
| (iii) Cash and cash equivalents | | 23.78 | - | 23.78 |
| (iv) Bank balances other than cash and cash equivalents | | 31.99 | - | 31.99 |
| (v) Other financial assets | | 71.67 | - | 71.67 |
| (c) Other current assets | ii, v | 117.36 | (0.11) | 117.25 |
| | | 654.31 | 34.17 | 688.48 |
| Total | | 1,830.75 | 26.99 | 1,857.74 |
| Equity and liabilities | | | | |
| [1] Equity | | | | |
| (a) Equity share capital | | 151.82 | - | 151.82 |
| (b) Other equity | iv | 396.56 | 32.52 | 429.08 |
| | | 548.38 | 32.52 | 580.90 |
| [2] Non-current liabilities | | | | |
| (a) Financial Liabilities | | | | |
| (i) Borrowings | v | 242.58 | (2.15) | 240.43 |
| (ii) Other financial liabilities | | 0.64 | - | 0.64 |
| (b) Provisions | | 19.90 | - | 19.90 |
| (c) Deferred tax liabilities (net) | vi | 115.66 | 15.25 | 130.91 |
| | | 378.78 | 13.10 | 391.88 |
| [3] Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | | 204.94 | - | 204.94 |
| (ii) Trade payables | | | | |
| - Dues of micro enterprises and small enterprises | | - | - | - |
| - Other trade payable | | 542.90 | - | 542.90 |
| (iii) Other financial liabilities | v | 95.97 | (0.36) | 95.61 |
| (b) Other current liabilities | | 38.65 | - | 38.65 |
| (c) Provisions | vii | 21.13 | (18.27) | 2.86 |
| | | 903.59 | (18.63) | 884.96 |
| Total | | 1,282.37 | (5.53) | 1,276.84 |
| Total | | 1,830.75 | 26.99 | 1,857.74 |

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation required for this note

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to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Reconciliation of equity as at 31 March 2016

| | Note | Previous GAAP* | Adjustments on transition to Ind AS | Ind AS |
|---|------|-----------------|-------------------------------------|-----------------|
| Assets | | | | |
| [1] Non-current assets | | | | |
| (a) Property, plant and equipment | i | 939.20 | (4.43) | 934.77 |
| (b) Capital work-in-progress | | 16.50 | - | 16.50 |
| (c) Financial assets | | | | |
| (i) Loans | ii | 2.15 | (0.18) | 1.97 |
| (ii) Other financial assets | | 6.26 | - | 6.26 |
| (d) Other tax assets (net) | | 11.29 | - | 11.29 |
| (e) Other non-current assets | ii | 10.15 | 0.08 | 10.23 |
| | | 985.55 | (4.53) | 981.02 |
| [2] Current assets | | | | |
| (a) Inventories | | 256.71 | - | 256.71 |
| (b) Financial assets | | | | |
| (i) Investments | | 0.74 | - | 0.74 |
| (ii) Trade receivables | | 198.09 | - | 198.09 |
| (iii) Cash and cash equivalents | | 6.70 | - | 6.70 |
| (iv) Bank balances other than cash and cash equivalents | | 76.56 | - | 76.56 |
| (v) Other financial assets | | 84.89 | - | 84.89 |
| (c) Other current assets | ii | 116.45 | 0.06 | 116.51 |
| | | 740.14 | 0.06 | 740.20 |
| Disposal group - assets held for sale | vi | 208.20 | (0.60) | 207.60 |
| Total | | 1,933.89 | (5.07) | 1,928.82 |
| Equity and liabilities | | | | |
| [1] Equity | | | | |
| (a) Equity share capital | | 151.82 | - | 151.82 |
| (b) Other equity | iv | 434.43 | 15.35 | 449.78 |
| | | 586.25 | 15.35 | 601.60 |
| [2] Non-current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | v | 98.86 | (0.21) | 98.65 |
| (ii) Other financial liabilities | | 0.37 | - | 0.37 |
| (b) Provisions | | 18.79 | - | 18.79 |
| | | 118.02 | (0.21) | 117.81 |
| [3] Current liabilities | | | | |
| (a) Financial liabilities | | | | |
| (i) Borrowings | | 177.72 | - | 177.72 |
| (ii) Trade payables | | | | |
| - Dues of micro enterprises and small enterprises | | 0.03 | - | 0.03 |
| - Other trade payable | | 734.86 | - | 734.86 |
| (iii) Other financial liabilities | v | 107.06 | (0.16) | 106.90 |
| (b) Other current liabilities | | 52.92 | - | 52.92 |
| (c) Provisions | vii | 21.23 | (18.27) | 2.96 |
| | | 1,093.82 | (18.43) | 1,075.39 |
| Disposal group - liabilities directly associated with assets hold for sale | vi | 135.80 | (1.78) | 134.02 |
| | | 1,229.62 | (20.21) | 1,209.41 |
| | | 1,347.64 | (20.42) | 1,327.22 |
| Total | | 1,933.89 | (5.07) | 1,928.82 |

*The previous GAAP figures have been reclassified to confirm to Ind AS presentation required for this note

NOTES

to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

Reconciliation of total comprehensive income for the year ended 31 March 2016

| | Note | Previous GAAP | Adjustments on transition to Ind AS | Ind AS |
|---|---------|-----------------|-------------------------------------|-----------------|
| A) Continuing operations | | | | |
| Income | | | | |
| Revenue from operations | viii | 2,535.66 | 249.94 | 2,785.60 |
| Other income | ii, iii | 30.88 | (25.33) | 5.55 |
| Total income | | 2,566.54 | 224.61 | 2,791.15 |
| Expenses | | | | |
| Cost of materials consumed | | 2,019.32 | - | 2,019.32 |
| Changes in inventories of finished goods and work-in-progress | | (52.90) | - | (52.90) |
| Excise duty on sales | viii | - | 249.94 | 249.94 |
| Employee benefits expense | ix | 105.45 | 0.29 | 105.74 |
| Other expenses | ii, iii | 370.55 | 8.56 | 379.11 |
| Expenses before finance costs, depreciation and amortisation, foreign exchange fluctuation and exceptional items | | 2,442.42 | 258.79 | 2,701.21 |
| Profit before finance costs, depreciation and amortisation, foreign exchange fluctuation and exceptional items | | 124.12 | (34.18) | 89.94 |
| Finance costs | v, ix | 51.66 | 2.02 | 53.68 |
| Depreciation and amortisation expenses | i | 77.80 | (0.06) | 77.74 |
| Foreign exchange fluctuation gain / (loss) | | (23.62) | - | (23.62) |
| Profit / (loss) before exceptional items and tax | | (28.96) | (36.14) | (65.10) |
| Exceptional items | | | | |
| Inventory losses | | (26.68) | - | (26.68) |
| Others | | (4.23) | - | (4.23) |
| Profit / (loss) before tax | | (59.87) | (36.14) | (96.01) |
| Tax expense | | | | |
| Deferred tax credit | vi | (115.66) | (15.99) | (131.65) |
| Total tax expenses | | (115.66) | (15.99) | (131.65) |
| Profit / (loss) for the year from continuing operations | | 55.79 | (20.15) | 35.64 |
| B) Discontinued operations | | | | |
| Profit / (loss) from discontinued operations | x | 0.49 | 1.40 | 1.89 |
| Tax credit of discontinued operations | vii | 0.13 | (0.18) | (0.05) |
| Profit / (loss) from discontinued operations after tax | | 0.36 | 1.58 | 1.94 |
| C) Total operations | | | | |
| Profit / (loss) for the year | | 56.15 | (18.57) | 37.58 |
| Other comprehensive income (OCI) | | | | |
| - Items that will not be reclassified to profit / (loss) | | | | |
| Remeasurement of defined benefit liability | ix | - | 2.13 | 2.13 |
| Income tax relating to remeasurement of defined benefit liability | vi, ix | - | 0.74 | 0.74 |
| Other comprehensive income for the year, net of tax | | - | 1.39 | 1.39 |
| Total comprehensive income for the year | | 56.15 | (17.18) | 38.97 |

* The previous GAAP figures have been reclassified to conform to Ind AS presentation required for this note

NOTES

to the Consolidated financial statements for the year ended 31 March 2017

Notes to the reconciliation

i. Property, plant and equipment - leasehold land

Under the previous GAAP, leasehold land was treated as part of property, plant and equipment at revalued amount.

As per Ind AS 17, the leasehold land, being a finance lease in substance, is presented as part of property, plant and equipment and is valued at the present value of minimum lease rentals at the transition date.

The unamortised revaluation reserve at the transition date is adjusted with carrying value of leasehold land and consequential impact on amortisation is reflected in Consolidated Statement of Profit and Loss for the year.

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 | |
|--|-----------------------------|--------|
| Depreciation : Reversal of revaluation on leasehold land | | (0.06) |
| Adjustment before income tax | | (0.06) |

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Reversal of revaluation on leasehold land - net block | (4.49) | (4.43) |

ii. Lease deposits in respect of operating lease

The Group has valued of lease deposits given for operating lease at fair value initially using current borrowing rate and subsequently at amortised cost using effective interest rate. The excess of deposit over fair value is treated as advance rent and is amortised over the balance lease term.

Under the previous GAAP this was recognised at transaction value.

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 | |
|--|-----------------------------|------|
| Other income : Due to unwinding of interest cost | | 0.07 |
| Other expense: Amortisation of advance rent | | 0.06 |

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Non-current loans - Security Deposits | (0.25) | (0.18) |
| Other non-current assets | 0.14 | 0.08 |
| -Advance rent | | |
| Other current assets | 0.05 | 0.06 |
| -Advance rent | | |
| Equity | (0.06) | (0.04) |
| Tax effect on adjustment in retained earnings | (0.02) | - |

iii. Fair valuation of investments

In accordance with Ind AS 109, financial assets representing investment in equity shares of entities other than subsidiaries have been fair valued. The designated investments are classified as fair value through Consolidated Statement of Profit and Loss. Under the previous GAAP these were valued at cost or realisable value whichever is lower.

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 | |
|---|-----------------------------|---------|
| Other income: Profit/(loss) on sale of investments. | | (25.40) |
| Other expense: Loss on sale of investments. | | 8.51 |
| Adjustment before income tax | | 33.91 |

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016* |
|---|-----------------------|-------------------------|
| Investments - financial assets at FVTPL | 34.28 | - |
| Equity | 34.28 | - |
| Tax thereon | 11.65 | - |

* Reversal mainly due to sale of investments during financial year ending 31 March 2016.

NOTES

to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

iv. Reconciliation of equity

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| Total equity as per previous GAAP | 548.38 | 586.25 |
| Increase: | | |
| Valuation of investment at fair value | 34.28 | - |
| Determination of borrowings using EIR | 0.56 | 2.15 |
| Reversal of provision of proposed dividend | 18.27 | 18.27 |
| | 53.11 | 20.42 |
| Decrease : | | |
| Reversal of revaluation on leasehold land | (4.49) | (4.43) |
| Fair valuation of lease deposits | (0.06) | (0.04) |
| Increase in deferred tax liability due to above | (15.25) | - |
| Decrease in deferred tax assets on account of Ind AS adjustment pertaining to discontinued operations | (0.79) | (0.60) |
| | (20.59) | (5.07) |
| Total equity as per Ind AS | 580.90 | 601.60 |

v. Borrowings at amortised cost

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from carrying amount of borrowing on initial recognition. These cost are recognised in the profit or loss over the tenure of the borrowing as a part of interest expense by applying the effective interest rate method.

Also under the previous GAAP, as on 1 April 2015, the Group was deferring the transaction cost of borrowings pertaining to IRRJL. Accordingly the borrowings has been reduced with the transaction cost of borrowings, also resulting in decrease in other current and non-current assets.

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 | |
|------------------------------|-----------------------------|------|
| Finance costs | | 0.18 |
| Adjustment before income tax | | 0.18 |

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016* |
|---|-----------------------|-------------------------|
| Borrowings : non-current | (2.15) | (0.21) |
| Borrowings : current | (0.36) | (0.16) |
| Borrowings : disposal group held for sale | - | (1.78) |
| Other assets : non-current | (1.79) | - |
| Other assets : current | (0.16) | - |
| Retained earnings | 0.37 | 2.15 |
| Tax effect on adjustment in retained earnings | 0.19 | - |

NOTES

to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

vi. Deferred taxes

Deferred tax liability/asset is created on various adjustments based on balance sheet method on various temporary differences.

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 |
|---|-----------------------------|
| Deferred tax assets recognised to the extent of deferred tax liability as on 1 April 2015 | (15.99) |
| Deferred tax liability recognised to the extent of deferred tax assets on remeasurement of defined benefit liability for the year ended 31 March 2016 | 0.74 |
| Deferred tax assets recognised in respect of discontinued operations | (0.18) |
| Deferred tax credit | (15.43) |

The impact resulting from change is summarised as follows:

| Balance Sheet | As at 1 April 2015 | As at 31 March 2016 |
|---|-----------------------|------------------------|
| i. Deferred tax liability | | |
| Impact of revaluation of investments at fair value | 11.53 | - |
| Impact of amortised cost of borrowings | 0.19 | - |
| Reversal of deferred tax liability on fair valuation of lease deposit | (0.02) | - |
| Liability on unadjusted revaluation reserve | 3.55 | - |
| Increase in liability | 15.25 | - |
| ii. Deferred tax assets # | | |
| Impact of revaluation of investments at fair value | 0.13 | - |
| Impact of amortised cost of borrowings | 0.66 | 0.60 |
| Decrease in asset | 0.79 | 0.60 |

Decrease in deferred tax assets as at 31 March 2016 pertains to disposal group assets/liability held for sale. Refer note 42 for more details.

vii. 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 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.

viii. 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 on sales is presented in the Consolidated Statement of Profit and Loss as an expense. This has resulted in increase in the revenue from operations and expenses for the year ended 31 March 2016.

ix. Remeasurements of post-employment benefit obligations

Both under Indian GAAP and Ind AS, the Company recognised costs/(gain) related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are recognised to profit or loss. Under Ind AS, remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. As a result of this change, remeasurement gain amounting to ₹ 2.13 crores on employee benefit expenses is reclassified from Consolidated Statement of Profit and Loss account to other comprehensive income for the year ended 31 March 2016.

Also net interest on net defined benefit liability amounting to ₹ 1.84 crores for the year ended on 31 March 2016, which reflects the change in net defined benefit liability that arises from the passage of time, is reclassified from employee benefits expense to finance costs.

NOTES

to the Consolidated financial statements for the year ended 31 March 2017

(All amounts in ₹ crores, unless otherwise stated)

The impact resulting from change is summarised as follows:

| Statement of Profit and Loss | Year ended 31 March 2016 |
|---|-----------------------------|
| Finance costs | 1.84 |
| Employee benefits expense | 0.29 |
| Remeasurement of defined benefit liability | (2.13) |
| Income tax relating to remeasurement of defined benefit liability | 0.74 |

x. Discontinuing operations

The impact of Ind AS adjustments on profit from discontinued operations is summarised as below

| Statement of Profit and Loss | Year ended 31 March 2016 |
|--|-----------------------------|
| Revaluation of investments at cost which was recognised at FV in previous year | (0.37) |
| Amortised cost of borrowings | 1.77 |

As per our report of even date attached.

For **B S R and Associates**

Chartered Accountants

ICAI Firm Registration Number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

For and on behalf of the Board of Directors of

Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director

DIN Number: 00206807

Ashok Kumar Ladha

Director

DIN Number: 00089360

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Place: Gurgaon

Date: 18 May 2017

Place: Gurgaon

Date: 18 May 2017

FORM AOC-1

Information related to subsidiaries including subsidiaries of subsidiaries: (Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014).

| S. No. | Name of Subsidiary Company | Reporting Currency | Capital Reserves | Total Assets | Total Liabilities | Total Investments | Turnover/ Total Income | Loss(-)/ Profit Before Taxation | Provision for Taxation / (credit) | Loss(-)/ Profit After Taxation | % of Shareholding | Amt.in Crores | |
|--------|--|--------------------|------------------|--------------|-------------------|-------------------|------------------------|---------------------------------|-----------------------------------|--------------------------------|-------------------|-------------------|---------|
| | | | | | | | | | | | | Proposed Dividend | Country |
| 1 | Indo Rama Renewables Limited * | INR | (39.85) | (81.97) | (81.97) | (-) | (0.01) | (-0.20) | (-) | (-0.20) | 100% | (-) | India |
| 2 | Indo Rama Renewables Jath Limited ** | INR | (60.30) | (207.60) | (207.60) | (-) | 2.89 | (1.89) | (-0.63) | (-1.18) | 100% | (-) | India |
| 3 | Indo Rama Renewables Porbandar Limited * | INR | (0.05) | (0.99) | (0.99) | (-) | (-) | (-0.01) | (-) | (-0.01) | 100% | (-) | India |
| 4 | Indo Rama Renewables Ramgarh Limited * | INR | (0.05) | (1.63) | (1.63) | (-) | (-) | (-0.01) | (-) | (-0.01) | 100% | (-) | India |

Note:- * Indo Rama Renewables Limited, Indo Rama Renewables Porbandar Limited and Indo Rama Renewables Ramgarh Limited have been merged with the Company with effect from 01 April 2016 (refer note 1). In compliance with Ind AS 103 the assets, liabilities, income and expense of the subsidiaries are merged with holding company since 01 April 2015 being the date of transition.

** The Company disposed off its interest in Indo Rama Renewables Jath Limited with effect from 16 May 2016 (refer note 42).

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