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to the financial statements for the year ended 31 March 2018

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, which were listed with Luxembourg Stock Exchange have been delisted during the year w.e.f 16 October 2017. 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 financial statements of the Company for the year ended 31 March 2018 were approved for issue in accordance with the resolution of the Board of Directors on 28 May 2018.

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.

Effective April 1, 2016, the Company has adopted all the IND AS standards and the adoption is carried out in accordance with IND AS 101, First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian accounting principles generally accepted in India described under section 133 of the Act, read with rule 7 of the Companies (accounts) rules, 2014 (IGAAP), which was the previous GAAP.

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 and two decimals thereof, unless otherwise indicated.

Transactions and balances with values below the rounding off norm adopted by the Company have been reflected as "0" in the relevant notes in these financial statements.

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 management to make judgments, estimates and assumptions that affect the application of accounting policies and 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. Actual results may differ from these estimates.

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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect of the amounts recognized in the financial statements is included in the following notes:

- 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

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- 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 and non-financial assets.

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. 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.

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to the financial statements for the year ended 31 March 2018

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-today 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/ 6 years	25 years/ 3 years
Furniture and fixtures	15 years	10 years
Vehicles	10 years	8 years
Office equipment	20 years	5 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.

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

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asset with a finite useful life are reviewed at least at the end of each reporting period.

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 CGU represents the smallest group of assets that

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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).

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. 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.

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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.

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.

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. 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).

iii. Interest income

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

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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 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 of another entity. 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.

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

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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;

– 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 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 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;

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– 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 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 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 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

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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.

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, contingent liabilities and contingent assets

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 with in 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. 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

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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.

u. 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.

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.

v. 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.

NOTES
to the financial statements for the year ended 31 March 2018

w. Recent accounting pronouncements

Standards issued but not yet effective

(i) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Company has evaluated the effect of this on the financial statements and is of the view that no change in accounting policy is required and the impact is not material.

(ii) Ind AS 115- Revenue from Contracts with Customers: On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Moreover, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018. The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method as defined under standard and accordingly, comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. While, the Company is in the process of implementing Ind AS 115 on financial statement, it is of the view that there will not be any significant change in its revenue recognition policy and the impact of the same will not be material.

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to the financial statements for the year ended 31 March 2018

3. Property, plant and equipment
See accounting policy in note 2(d)
Reconciliation of carrying amount

(All amounts in ₹ crores, except for share data and if otherwise stated)

	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and equipment	Furniture and Fixtures	Vehicles	Office equipments	Total
A. Gross carrying amount									
Balance 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 1)	-	-	-	-	4.41	0.08	0.31	0.29	5.09
Balance as at 31 March 2017	**0.16**	**2.89**	**106.85**	**1.27**	**927.48**	**2.14**	**4.85**	**5.12**	**1,050.76**
Additions (refer foot note 2)	-	-	0.09	-	20.77	0.79	-	3.47	25.12
Disposals	-	-	-	-	-	0.04	0.09	0.14	0.27
Balance as at 31 March 2018	**0.16**	**2.89**	**106.94**	**1.27**	**948.25**	**2.89**	**4.76**	**8.45**	**1,075.61**
B. Accumulated depreciation									
Balance as at 31 March 2016	**-**	**0.04**	**3.78**	**0.36**	**68.52**	**0.15**	**0.46**	**0.58**	**73.89**
Depreciation 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
Balance as at 31 March 2017	**-**	**0.08**	**7.55**	**0.73**	**142.26**	**0.32**	**0.76**	**1.04**	**152.74**
Depreciation charge for the year	-	0.04	3.78	0.36	76.84	0.18	0.52	1.48	83.20
Disposals	-	-	-	-	-	0.01	0.02	0.02	0.05
Balance as at 31 March 2018	**-**	**0.12**	**11.33**	**1.09**	**219.10**	**0.49**	**1.26**	**2.50**	**235.89**
Net carrying value									
As at 31 March 2017	**0.16**	**2.81**	**99.30**	**0.54**	**785.22**	**1.82**	**4.09**	**4.08**	**898.02**
As at 31 March 2018	**0.16**	**2.77**	**95.61**	**0.18**	**729.15**	**2.40**	**3.50**	**5.95**	**839.72**

Notes:
1. 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 ₹ Nil (previous year ₹ 3.66 crores).
2. 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 ₹ 6.23 crores (previous year ₹ Nil).
3. Charge is created over property, plant and equipment in respect of long term and short term borrowings taken by the Company, refer note 16 and 17.

NOTES
to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

4. Capital work-in-progress

See accounting policy in note 2(d)

Reconciliation of carrying amount

Software	As at 31 March 2018	As at 31 March 2017
Opening balance	10.88	16.50
Additions	12.19	40.13
Addition pursuant to common control business combination	-	4.73
Transfer to property, plant and equipment	(20.40)	(45.75)
Impairment during the year	-	(4.73)
Closing balance	**2.67**	**10.88**

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

5. Intangible assets

See accounting policy in note 2(e)

Reconciliation of carrying amount

Software	As at 31 March 2018	As at 31 March 2017
A. Gross carrying amount		
Opening balance	0.05	0.05
Additions	-	-
Disposals	-	-
Closing balance	**0.05**	**0.05**
B. Accumulated amortisation		
Opening balance	0.05	0.05
Charge for the year	-	-
Disposals	-	-
Closing balance	**0.05**	**0.05**

	As at 31 March 2018	As at 31 March 2017
Net carrying value	-	-

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

6. Investments
See accounting policy in note 2(o)

	As at 31 March 2018	As at 31 March 2017
A. Non-current investments		
Unquoted equity shares		
Equity share at FVTPL		
15,00,000 (31 March 2017: 15,00,000) equity shares of Ritspin Synthetics Limited (₹10 each, fully paid up)	1.50	1.50
Less: Provision for impairment in the value of investment	(1.50)	(1.50)
	-	**-**
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	1.50	1.50

	As at 31 March 2018	As at 31 March 2017
B. Current investments at FVTPL		
Quoted equity shares		
52,501 (31 March 2017: 52,501) equity shares of Optel Telecommunications Limited (₹10 each, fully paid up)	-*	-*
7,08,400 (31 March 2017: 7,08,400) equity shares of Sanghi Polyesters Limited (₹10 each, fully paid up)	-*	-*
10 (31 March 2017: 10) equity shares of Reliance Industries Limited (₹10 each, fully paid up)	-**	-**
72,601 (31 March 2017: 72,601) equity shares of Balasore Alloys Limited (₹5 each, fully paid up)	0.34	0.50
	0.34	**0.50**
Quoted preference shares		
8,92,000 (31 March 2017: 8,92,000) 0.01% cumulative redeemable preference of JSW Steel Limited (₹10 each, fully paid up)	0.56	0.72
	0.90	**1.22**
Aggregate amount of quoted investments	1.69	1.69
Market value of quoted investments	0.90	1.22

* Fair value of the investments are ₹ Nil (31 March 2017: ₹ Nil)
**₹ 8,816 (31 March 2017: ₹13,209), amount in absolute rupees.

NOTES
to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

7. Loans
See accounting policy in note 2(o)

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Unsecured considered good, unless otherwise stated				
Security deposits	2.09	2.43	1.11	-
	2.09	**2.43**	**1.11**	**-**

8. Other financial assets
See accounting policy in note 2(o)

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Surrender value of keyman insurance	7.31	6.43	-	-
Claims and other receivables	-	-	68.89	65.67
Forward cover receivable	-	-	-	5.84
Interest accrued on deposits	-	-	1.43	2.47
Fixed deposits (due to mature more than twelve months on the reporting date) #	0.27	0.98	-	-
Other advances	0.69	0.69	-	-
Advance to employees	-	-	1.20	1.62
	8.27	**8.10**	**71.52**	**75.60**

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 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Property, plant and equipment	-	-	(175.09)	(183.45)	(175.09)	(183.45)
Investment at FVTPL	0.99	0.88	-	-	0.99	0.88
Employee benefit	5.21	4.99	-	-	5.21	4.99
Provision for doubtful debts and advances	5.28	2.05	-	-	5.28	2.05
Brought forward business loss	32.66	25.61	-	-	32.66	25.61
Brought forward unabsorbed depreciation	223.32	203.83	-	-	223.32	203.83
Other items	3.67	0.24	(0.14)	(0.07)	3.53	0.17
	271.13	**237.60**	**(175.23)**	**(183.52)**	**95.90**	**54.08**
Offsetting of deferred tax assets and deferred tax liabilities	(175.23)	(183.52)	175.23	183.52	-	-
Net deferred tax assets	**95.90**	**54.08**	**-**	**-**	**95.90**	**54.08**

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

B. Movement in temporary differences

	As at 31 March 2018	As at 31 March 2017
Opening balance of deferred tax asset (liability) (refer note 41)	54.08	-
Tax income during the period recognised in profit or loss (refer note 41)	42.17	53.98
Tax income/(expense) during the period recognised in OCI	(0.35)	0.10
Closing balance of deferred tax asset (liability)	**95.90**	**54.08**

C. Unrecognised deferred tax assets

	As at 31 March 2018		As at 31 March 2017	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Brought forward unabsorbed depreciation	491.85	170.23	489.07	169.26

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 2018		As at 31 March 2017	
	Percentage (%)	Amount	Percentage (%)	Amount
Loss before tax including OCI	-	(124.19)	-	(138.21)
Tax expense as per statutory income tax rate	34.61%	(95.90)	34.61%	(47.83)
DTA recognised against temporary differences of previous years for which DTA was not recognised in previous years (refer note 41)	-	-	-	-
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	**34.61%**	**(95.90)**	**39.13%**	**(54.08)**

10. Other tax assets (net)

	As at 31 March 2018	As at 31 March 2017
Non-current		
Advance tax [net of provisions of ₹106.42 crores (31 March 2017: ₹106.42 crores)]	11.70	11.53
	11.70	**11.53**

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

11. Other assets

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Capital advances	1.33	0.51	-	-
Claims and other receivables	13.97	10.89	88.88	81.24
Customs and excise duties	-	-	-	22.84
GST receivable	-	-	9.48	-
Prepaid expenses	-	-	4.83	4.34
National Savings Certificates VIth issue (pledged with sales tax authorities) *	-*	-*	-	-
Advance rent	0.49	0.02	0.11	0.06
Advances to vendors	2.84	2.84	34.67	28.26
Less: provision for doubtful advances	(2.84)	(2.84)	-	-
	15.79	**11.42**	**137.97**	**136.74**

* ₹ 4,000 (31 March 2017: ₹ 4,000), amount in absolute rupees.

12. Inventories

See accounting policy in notes 2(g)

	As at 31 March 2018	As at 31 March 2017
Raw materials [include in transit ₹5.40 crores (31 March 2017: ₹44.09 crores)]*	27.40	68.96
Work-in-progress*	6.82	15.73
Finished goods*[include in transit ₹17.60 crores (31 March 2017: ₹18.18 crores)]	53.50	87.48
Stores and spares # [include in transit ₹0.14 crores (31 March 2017: ₹0.01 crores)]	20.97	13.96
Packing material #	2.77	3.28
Waste $	3.70	5.17
Stock-in-trade	1.05	-
	116.21	**194.58**

* valued at the lower of cost and net realisable value. The inventories were reduced by ₹1.17 crores (31 March 2017: ₹ 5.28 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 2018	As at 31 March 2017
Unsecured, considered good	110.90	133.20
Doubtful	12.43	3.08
	123.33	**136.28**
Less: allowance for doubtful debts	(12.43)	(3.08)
	110.90	**133.20**

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

All the trade receivables are due immediately. In case of delay beyound 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 currecy 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 2018	As at 31 March 2017
Balance with banks		
Current accounts	12.34	4.47
Fixed deposits (due to mature within three months of the reporting date)	-	1.07
Cash on hand	1.30	0.36
	13.64	**5.90**

14.1 Bank balances other than cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Fixed deposits (due to mature within twelve months of the reporting date) #	57.80	52.97
Balance with banks		
Unpaid dividend $	0.43	0.46
Margin money accounts **	10.65	10.65
	68.88	**64.08**

Pledged with bank for credit limits (refer note 17)
$ Earmarked against the corresponding provision.
** Pledged with banks for non fund based limits.

15. Equity share capital

	As at 31 March 2018	As at 31 March 2017
Authorised		
23,51,00,000 (31 March 2017 : 23,51,00,000) equity shares of ₹10 each	235.10	235.10
Issued, subscirbed and fully paid up		
15,18,22,242 (31 March 2017 : 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.

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

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

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 2018		As at 31 March 2017	
	Number of shares	% of shares held	Number of shares	% of shares held
Brookgrange Investments Limited	5,35,64,057	35.28	5,04,96,057	33.26
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
	12,23,84,750	**80.61**	**11,93,16,750**	**78.59**

4. Equity shares of ₹10 each include, 31 March 2018 Nil (31 March 2017 : 3,082,560) equity shares (representing Nil (31 March 2017 : 2.03%) 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 Nil GDRs (31 March 2017 : 385,320). Since, the same were held by depository, details of individual beneficiaries was not available with the Company. During the current year, these GDRs have been duly converted into equity shares and the Depository Agreement entered into between the Company and the Bank of New York Mellon (the "Depository") has been terminated and accordingly the GDR's program/facility, has been de-listed from the Luxembourg Stock Exchange with effect from 16 October 2017.

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

15.1. Other equity

		As at 31 March 2018		As at 31 March 2017	
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.	**Retained earning**				
	Opening balance	105.15		207.65	
	Profit / (loss) for the year	(82.69)		(84.03)	
	Remeasurement of defined employee benefit plans	0.67		(0.20)	
	Less: Dividend	-		(15.18)	
	Less: Dividend distribution tax	-		(3.09)	
	Closing Balance		23.13		105.15
			267.86		**349.88**

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if 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.

Retained Earning

Profit / (loss) that the Company has earned till date including acturial gain / (loss) on remeasurement of defined plans, less any dividends or other distributions paid to share holders.

16. Borrowings

	Non-current		Current maturities	
	As at 31 March 2018	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017
Secured loan				
Term loans - from banks				
Rupee loans from banks	16.90	45.59	30.58	34.23
Foreign currency loans from banks	18.71	33.80	45.32	24.00
	35.61	**79.39**	**75.90**	**58.23**
Less : current maturities presented in note 18	-	-	(75.90)	(58.23)
	35.61	**79.39**	**-**	**-**
Deferred payment liabilities				
Deferred payment liabilities towards acquisition of fixed assets	1.16	1.55	0.39	0.36
Less : current maturities presented in note 18			(0.39)	(0.36)
	36.77	**80.94**	**-**	**-**

Nature of security		Terms of repayment
a)	**Rupee term loans from banks with carrying amount:**	
i)	of ₹ 5.41 crores (31 March 2017: ₹ 11 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.
ii)	of ₹ 14.94 crores (31 March 2017: ₹ 34.82 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 gaurantee 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.

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(All amounts in ₹ crores, except for share data and if otherwise stated)

Nature of security		Terms of repayment
iii)	of ₹ 26.28 crores (31 March 2017: ₹ 32.33 crores) 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. Further, the same is secured by the personal gaurantee of promoters, i.e., Mr. Om Prakash Lohia and Mr.Vishal Lohia.	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.
iv)	aggregating to ₹ 0.85 crores (31 March 2017 ₹ 1.67 crores) are secured by hypothecation of specific vehicles.	(a) ₹ Nil crores (previous year ₹ 0.17 crores) repayable in 36 monthly instalments commencing from September 2014.
		(b) ₹ Nil crores (previous year ₹ 0.02 crores) repayable in 36 monthly instalments commencing from June 2014.
		(c) ₹ Nil crores (previous year ₹ 0.01 crores) repayable in 36 monthly instalments commencing from May 2014.
		(d) ₹ Nil crores (previous year ₹ 0.01 crores) repayable in 36 monthly instalments commencing from June 2014.
		(e) ₹ 0.01 crores (previous year ₹ 0.02 crores) repayable in 36 monthly instalments commencing from Nov 2015.
		(f) ₹ 0.56 crores (previous year ₹ 0.96 crores) repayable in 36 monthly instalments commencing from July 2016.
		(g) ₹ 0.14 crores (previous year ₹ 0.23 crores) repayable in 36 monthly instalments commencing from Aug 2016.
		(h) ₹ 0.14 crores (previous year ₹ 0.25 crores) repayable in 36 monthly instalments commencing from July 2016.
		The outstanding amount of borrowings taken from vehicles is ₹ 0.85 crores (previous year ₹ 1.67 crores) out of which current maturity payable next year amounts to ₹ 0.67 crores (previous year ₹ 0.82 crores).
b)	**Foreign currency term loans from banks:**	
i)	of ₹ 42.90 crores (31 March 2017 ₹ 36.78 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 ₹ 30.47 crores (Previous year ₹ 15.46 crores).
ii)	of ₹ 21.13 crores (31 March 2017 ₹ 21.02 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 ₹ 14.86 crores (Previous year ₹ 8.54 crores).

Details of delays in the repayment of dues to banks and amount in default outstanding as at 31 March 2018 are as below:

Bank Name	Nature of default	Total amount delayed	No of days	Amount outstanding as at 31 March 2018
IKB Deutsche Industriebank AG - Foreign currency loan	Overdue	26.62	1 to 530 days	26.62
Bank of India	Overdue	10.00	1 to 37 days	-
State Bank of India	Overdue	5.62	1 to 58 days	-

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	As at 31 March 2018		As at 31 March 2017	
	Non-Current borrowings*	**Current borrowings****	Non-Current borrowings*	Current borrowings**
Balance at begning of the year	137.62	167.78	143.34	177.72
Proceeds from non-current borrowings	-	-	32.66	-
Repayment of non-current borrowings	(32.14)	-	(34.50)	-
Proceeds from/repayment of current borrowings (net)	-	85.61	-	(9.94)
Foreign exchange movement	6.23	-	(3.66)	-
Interest on fixed loans using effective interest rate method	(0.20)		(0.22)	
Balance as at the end of the year	**111.51**	**253.39**	**137.62**	**167.78**

* Non-current borrowings includes current maturity, but excludes deferred payment liabilities.
** Refer note 17

17. Borrowings

	As at 31 March 2018	As at 31 March 2017
Secured loan		
Cash credit and working capital facilities from banks	233.39	167.78
	233.39	**167.78**
Unsecured loan		
Debentures		
Optionally convertible debentures (refer note 41 b)	20.00	-
	20.00	**-**
	253.39	**167.78**

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 ₹519.80 crores (31 March 2017:₹ 609.24 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 2018 are as below:

Bank Name	Nature of default	Total amount delayed	No of days	**Amount outstanding as at 31 March 2018**
Bank of India	Overdrawn	549.15	1 to 56 days	141.00
HDFC Bank	Overdrawn	155.46	1 to 77 days	-
Punjab National Bank	Overdrawn	154.68	1 to 65 days	26.58
State Bank of India	Overdrawn	385.52	1 to 66 days	0.72
Oriental Bank of Commerce	Overdrawn	271.67	1 to 84 days	17.76
Axis Bank	Overdrawn	148.41	1 to 72 days	5.07

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if 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 default	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	141.50	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

18. Other financial liabilities

See accounting policies in notes 2(o)

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017
Current maturities of long-term borrowings (refer note 16)	-	-	75.90	58.23
Current maturities of deferred payment liabilities (refer note 16)	-	-	0.39	0.36
Interest accrued and due on borrowings	-	-	4.77	-
Interest accrued and not due on borrowings	-	-	0.72	2.69
Unpaid dividends*	-	-	0.43	0.46
Forward cover payable	-	-	-	1.27
Lease equalization reserve	-	0.10	0.10	0.27
Payable to employees	-	-	12.40	17.87
Creditors towards property, plant and equipment #	-	-	6.04	7.52
	-	**0.10**	**100.75**	**88.67**

Note:

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

includes amounts payable to micro enterprises and small enterprises ₹ Nil (31 March 2017 : ₹Nil).

19. Provisions

See accounting policy in notes 2(i)

	Non-current		Current	
	As at 31 March 2018	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017
Provision for employee benefits (refer note 32)				
Gratuity	13.75	13.35	1.30	1.08
Compensated absences	7.39	7.42	1.84	1.77
	21.14	**20.77**	**3.14**	**2.85**

NOTES

to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

20. Trade payables

	As at 31 March 2018	As at 31 March 2017
Total outstanding dues of micro enterprises and small enterprises (refer note 40)	0.49	0.70
Others	623.32	703.38
	623.81	**704.08**

21. Other current liabilities

	As at 31 March 2018	As at 31 March 2017
Advances from customers	34.42	22.93
Others	0.49	0.39
Statutory dues payable		
Excise duty on finished goods	-	9.12
Customs duty	-	5.15
Tax deducted at source	1.85	2.44
Other statutory dues	1.83	0.86
	38.59	**40.89**

22. Revenue from operations

See accounting policy in note 2(j)

	Year ended 31 March 2018	Year ended 31 March 2017
a) Sale of products (including excise duty);		
Finished goods*	2,179.80	2,651.58
Traded goods*	68.34	-
	2,248.14	**2,651.58**
b) Other operating income;		
Scrap sales	10.56	11.67
VAT/GST refund	37.19	26.07
Interest from customers	4.51	6.68
Interest on insurance claims [refer note 39 (b)]	2.92	2.92
Others	10.38	2.13
	65.56	**49.47**
	2,313.70	**2,701.05**

* In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended 31 March 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not presented as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes. Accordingly, financial statements for the year ended 31 March 2018 and in particular, sales and ratios in percentage of sales, are not comparable with the figures of the previous year.

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

23. Other income
See accounting policies in note 2(j)

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income on fixed deposits	3.52	4.35
Unwinding of discount on security deposits	0.11	0.07
Interest others	0.10	-
Profit on sale of current investments (net)	-	23.61
Reversal of provision for diminution in the value of current investments	-	0.48
Dividend income from current investments	0.01	0.01
	3.74	**28.52**

24. Cost of raw materials consumed

	Year ended 31 March 2018	Year ended 31 March 2017
Purified terephthalic acid	1,036.54	1,307.06
Mono ethylene glycol	484.45	534.74
Others	51.90	81.98
	1,572.89	**1,923.78**

25. Decrease / (increase) in inventory

	Year ended 31 March 2018		Year ended 31 March 2017	
Inventories at the end of the year				
- Finished goods	53.50		87.48	
-Work-in-progress	6.82		15.73	
-Waste	3.70	64.02	5.17	108.38
Inventories at the beginning 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
		44.36		**27.49**

26. Employee benefits expense
See accounting policy in note 2(i)

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	89.74	94.63
Contribution to provident and other funds (refer note 32)	5.13	5.20
Staff welfare expenses	4.69	4.70
	99.56	**104.53**

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

27. Other expenses

	Year ended 31 March 2018		Year ended 31 March 2017	
Consumption of stores and spares		30.33		27.06
Power and fuel		176.87		200.67
Rent and hire charges (refer note 35)		7.49		6.94
Repairs and maintenance		31.37		21.54
Insurance	1.33		1.48	
Less: recovery	0.46	0.87	0.46	1.02
Packing materials consumed		47.77		59.61
Freight and forwarding charges	84.49		111.59	
Less: recovery	30.67	53.82	75.14	36.45
Brokerage and commission on sales (other than to selling agents)		10.42		11.18
Cash discounts and claims		8.43		8.84
Directors' sitting fees		0.12		0.08
Legal and professional charges		9.45		7.91
Auditor's remuneration				
- for audit		0.37		0.39
- for other services		0.34		0.24
- for reimbursement of out of pocket expenses		0.05		0.05
Donations		0.11		0.04
Corporate social responsibility expenses (refer note 44)		0.29		0.20
Allowance for doubtful debts		9.35		6.34
Advance written off		0.86		-
Loss on discard / disposal of fixed assets		0.21		0.18
Increase in excise duty on stocks of finished goods and waste		(9.12)		(3.79)
Provision for diminution in the value of current investments		0.32		-
Miscellaneous expenses		30.06		32.05
		409.78		**417.00**

28. Finance costs

See accounting policies in note 2(l)

	Year ended 31 March 2018	Year ended 31 March 2017
Interest		
On fixed loans using effective interest rate method	0.20	0.22
On term loans	9.39	11.74
On working capital	26.00	11.98
On others	35.35	40.91
Bank charges	21.61	24.45
Remeasurement of actuarial interest cost (refer note 32)	1.82	1.78
	94.37	**91.08**

NOTES
to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

29. Depreciation and amortisation expense
See accounting policies in note 2(d)

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on property, plant and equipment (refer note 3)	83.20	79.48
	83.20	**79.48**

30. Earning per share

		Year ended 31 March 2018	Year ended 31 March 2017
a)	Net Profit / (loss) for basic and diluted EPS	(82.69)	(84.03)
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 earning / (loss) per share-(₹)	**(5.45)**	**(5.53)**

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.

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

NOTES
to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

As at 31 March 2018

Financial instruments by category	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets at amortised costs				
Security deposits : non-current	2.09	-	-	2.09
: current	1.11	-	-	1.11
Fixed deposits (non-current)	0.27	-	0.27	-
Financial assets at FVTPL				
Current investments	0.90	0.90	-	-
Surrender value of keyman insurance	7.31	-	7.31	-
Financial assets where fair value is same as carrying value				
Trade receivables	110.90	-	-	-
Cash and cash equivalents	13.64	-	-	-
Bank balances other than cash and cash equivalents	68.88	-	-	-
Claims and other receivables #	68.89	-	-	-
Others	3.32	-	-	-
Total	**277.31**	**0.90**	**7.58**	**3.20**
Financial liabilities				
Financial liabilities at amortised cost				
Borrowings - term loans from banks	111.51	-	111.51	-
Deferred payment liabilities	1.55	-	1.55	-
Financial liabilities where fair value is same as carrying value				
Trade payables	623.81	-	-	-
Short term borrowings	253.39	-	-	-
Payable to employees	12.40	-	-	-
Creditors towards property, plant and equipment	6.04	-	-	-
Other financial liabilities	6.02	-	-	-
Total	**1,014.72**	**-**	**113.06**	**-**
Financial assets recorded as				
Non-current	10.36			
Current	266.95			
	277.31	**-**		
Financial liability recorded as				
Non-current	36.77			
Current	977.95			
	1,014.72			

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

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	-	-	-
Others	4.78	-	-	-
Total	**290.53**	**1.22**	**13.25**	**2.43**
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 property, plant and equipment	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 2018

(All amounts in ₹ crores, unless otherwise stated)

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.
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(o).

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Security 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 / Fixed Deposit	Valuation as received and confirmed by the insurer / bank	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
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

Amount estimated based on the estimated probability of the outcome of litigation based on the managements assessment supported by legal advice
* The fair value of the Security 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, optionally convertible debentures liability component and other financial liabilities.
There have been no transfers between level 1, 2 and 3 during the current or previous financial year.

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

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 2018	31 March 2017
Balance at 1 April	2.43	1.97
Fair value adjusted during the year included in 'other income'	0.11	0.07
Additions / (realisation) during the year	0.66	0.39
Balance at 31 March	**3.20**	**2.43**

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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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

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 2018		31 March 2017	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Less than 180 days	63.81	-	116.11	-
More than 180 days	59.52	12.43	20.17	3.08
	123.33	**12.43**	**136.28**	**3.08**

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 2018	31 March 2017
Balance at 1 April	3.08	3.08
Net remeasurement of loss allowance (net of reversal)	9.35	-
Balance at 31 March	**12.43**	**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 2018	Less than 1 year	1 to 5 years	Total
Borrowings - term loans from banks	75.90	35.61	111.51
Deferred payment liabilities	0.39	1.16	1.55
Trade payables	623.81	-	623.81
Short term borrowings	253.39	-	253.39
Payable to employees	12.40	-	12.40
Creditors towards property, plant and equipment	6.04	-	6.04
Other financial liabilities	6.02	-	6.02
Total	**977.95**	**36.77**	**1,014.72**

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 property, plant and equipment	7.52	-	7.52
Other financial liabilities	4.69	0.10	4.79
Total	**960.53**	**81.04**	**1,041.57**

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(All amounts in ₹ crores, unless otherwise stated)

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.

As at 31 March 2018 the Company has not complied with certain financial covenants mentioned under the terms of borrowings mainly due to paucity of working capital funds. To augment the additional fund requirement, the Company has taken certain initiative - Refer note 41 (b). Also, based on the past experience and the facts of the case the management believes that no financial obligation on part of the Company, is likely to arise in respect of the above matter and thus, no adjustments are required in these financial statements in this regard.

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 2018	31 March 2017
Total liabilities	1,077.59	1,106.08
Less: cash and cash equivalents	13.64	5.90
Adjusted net debt	**1,063.95**	**1,100.18**
Total equity	419.68	501.70
Adjusted net debt to equity ratio	**2.54**	**2.19**

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and commodity 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.

Commodity Price Risk

Commodity Price Risk arises due to fluctuation in prices of crude oil. The Company has a risk management framework aimed at prudently managing the risk arising from the volatility in commodity prices and freight costs. The Company's commodity risk is managed centrally through well-established control processes. In accordance with the risk management policy,the Company enters into various transactions using derivatives to hedge its exposure.

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, Japnese Yen, Euro and GBP. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date, as and when required.

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.

NOTES
to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

As at 31 March 2018

Particulars	Currency	Amount in foreign currency (in Mn)	Exchange rate (in absolute rupees)	Unhedge amount (in ₹ crore)
Trade payables	USD	14.12	65.18	92.03
	Euro	0.27	80.85	2.18
	JPY	54.52	0.62	3.38
Advances from customers	USD	0.98	65.18	6.39
Loans (including interest payable)	USD	3.46	65.18	22.55
	Euro	5.64	80.85	45.60
Trade receivables	USD	(2.65)	65.17	(17.27)
Advance to Vendor	USD	(3.53)	65.17	(22.98)
	Euro	(0.06)	80.31	(0.45)
Net exposure in respect of recognised assets and liabilities				**131.43**

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
Creditor for property, plant and equipment	USD	0.44	64.86	2.85
Trade receivables	USD	(7.24)	64.86	(46.96)
Advance to suppliers	USD	(2.32)	64.86	(15.02)
	Euro	(0.09)	69.31	(0.61)
	JPY	(0.13)	0.58	(0.01)
	GBP	(0.00)*	80.95	(0.01)
Net exposure in respect of recognised assets and liabilities				**166.89**

* GBP 1,845

Sensitivity analysis

A reasonably possible strengthening (weakening) of the INR, USD, JPY, Euro, GBP against all other currencies at 31 March would have affected the measureement 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.

NOTES
to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

Currency	Movement in foreign currency	31 March 2018		31 March 2017	
		Increase in profit	Decrease in profit	Increase in profit	Decrease in profit
USD	5% movement	8.06	(8.06)	5.95	(5.95)
Euro	5% movement	2.41	(2.41)	1.91	(1.91)
JPY	5% movement	0.17	(0.17)	0.20	(0.20)
GBP	5% movement	-	-	-	-

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.

Exposure to Interest Rate Risk
Company's interest rate risk arises from borrowings
The following table demonstrates the sensitivity on the Company's profit before tax, to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant:

Changes in interest by 5%	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
On term loans	0.47	(0.47)	0.59	(0.59)
On cash credit limits	1.30	(1.30)	0.60	(0.60)

32. Disclosure pursuant to Ind AS 19 on "Employee benefits"

a. Defined contribution plans
An amount of ₹ 4.34 crores (31 March 2017: ₹ 4.58 crores) for the year has been recognised as an expense in respect of the Company's contributions towards Provident Fund and an amount of ₹ 0.79 crores (31 March 2017: ₹ 0.62 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.

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 2018	Year ended 31 March 2017
Changes in present value of obligation		
Present value of obligation as at the beginning of the year	14.43	13.12
Interest cost	1.11	1.07
Current service cost	0.91	0.98
Past service cost	0.35	-
Benefits paid	(1.29)	(1.29)
Actuarial loss / (gain) on obligation	(0.46)	0.55
Present value of obligation as at end of the year	**15.05**	**14.43**
- Non current	13.75	13.35
- Current	1.30	1.08
	15.05	**14.43**

NOTES
to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Expenses recognised in the Statement of Profit and Loss		
Current service cost	0.91	0.98
Past service cost	0.35	-
Interest cost on benefit obligation	**1.11**	**1.07**
Expenses recognised in the Statement of Profit and Loss	**2.37**	**2.05**
Remeasurements losses/(gains) recognised in other comprehensive income	**(0.46)**	**0.55**

The principal assumptions used in determining gratuity for the Company's plans are shown below:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Discount rate	7.60%	7.70%
Retirement age	58 Years	58 Years
Salary escalation rate (per annum)	3.00%	3.50%
Withdrawal rates		
Age - Upto 30 years	4%	3%
31-44 years	3%	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.

Sensitivity analysis

Particulars	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase	Decrease	Decrease	Decrease
Gratuity				
Discount rate (0.50%)	(0.62)	0.66	(0.65)	0.69
Future salary growth (0.50%)	0.68	(0.65)	0.72	(0.67)

Expected contribution for the next annual reporting period

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Service cost	0.96	1.04
Net interest cost	1.14	1.11
Expected expense for the next annual reporting period	**2.10**	**2.15**

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

Maturity profile of defined benefit obligation

Year	Year ended 31 March 2018	Year ended 31 March 2017
Apr 2017- Mar 2018	-	1.08
Apr 2018- Mar 2019	1.30	0.24
Apr 2019- Mar 2020	0.43	0.30
Apr 2020- Mar 2021	0.47	0.36
Apr 2021- Mar 2022	0.47	0.46
Apr 2022- Mar 2023	0.57	0.45
Apr 2023- Mar 2024	0.66	-
Apr 2024 onwards	11.15	11.54

c. Other long-term employee benefits

An amount of ₹ 1.04 crores (31 March 2017: ₹ 1.19 crores) pertains to expense towards compensated absences and included in “Employee benefit expenses”.

33. Segment information:

a. 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 the 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’.

b. 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.

Revenue

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Domestic	1,944.53	2,197.94
Overseas*	369.17	503.11
Total	**2,313.70**	**2,701.05**

*Exports to one country constitute 28% of the total overseas revenue of the Company during the year ended 31st March, 2018 (31st March,2017: 32%)

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

Trade receivables

Particulars	As at 31 March 2018	As at 31 March 2017
Domestic	93.59	86.60
Overseas	17.31	46.60
Total	**110.90**	**133.20**

Non Current Assets

Particulars	As at 31 March 2018	As at 31 March 2017
Domestic*	868.54	930.84
Overseas	-	-
Total	**868.54**	**930.84**

* excluding deferred tax and tax assets

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 (upto 1 June 2017)
	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
	Mr. Ashok Kumar Ladha, Non-Executive Independent Director
	Ms. Ranjana Agarwal, Non-Executive Independent Director
	Mr. Suman Jyoti Khaitan, Non-Executive Independent Director
	Mr. Arvind Pandalai, Non-Executive Independent Director
(b) Enterprises over which key management personnel or their relatives have significant influence	Indorama Petrochem Limited, Thailand
(c) Enterprises having significant influence on the Company	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
Loans (along with interest) repaid				
IRRJL	-	-		-
	(15.88)	**(-)**		**(15.88)**

Note : Previous year nos. have been given in brackets

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

(iv) Transactions with key management personnel

Compensation

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Short-term employee benefits	4.95	5.54
Post-employment defined benefit	0.28	0.25
Other long- term benefits	1.23	1.46
Total	**6.46**	**7.25**

Allotment of Optionally Convertible Debentures

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Mr. Om Prakash Lohia	20.00	-
Total	**20.00**	**-**

(v) Transactions with Non-Executive Directors

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Rent received	0.14	-
Sitting fee paid	0.12	0.08

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 ₹ 41.59 crores (31 March 2017: ₹34.97 crores).

(vi) 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	-	30.28	30.28
	(-)	(30.13)	(30.13)

Note: Nos. as on 31 March 2017 have been given in ( )
All transactions with these related parties are priced on an arm's length basis and none of the balances are secured.

35. Operating lease

The Company has taken certain office spaces, director's accommodation and storage tanks under 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 2018	Year ended 31 March 2017
Lease rental expense	7.49	6.94

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

Future minimum lease rentals for non-cancellable operating lease:

Particulars	As at 31 March 2018	As at 31 March 2017
Within one year	4.14	1.67
Later than one year and not later than five years	13.44	0.64
Later than five years	6.72	Nil
Total	**24.30**	**2.31**

36. Disclosure on Specified Bank Notes (SBNs)

The disclosures regarding details of specified bank notes held and transaction during 8 November, 2016 to 30 December, 2016 has not been made since the requirement does not pertain to financial year ended 31 March, 2018. Corresponding amounts as appear in the audited financial statements for the year ended 31 March, 2017 have been disclosed 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 2018	As at 31 March 2017
Income tax matters in dispute/ under appeal	23.51	23.33
Excise / customs / service tax matters in dispute/ under appeal	100.99	103.33
Sales tax/ Value Added Tax matters in dispute/ under appeal	10.27	8.24
Claims by ex-employees, vendors, customers and civil cases	1.07	1.03
Total	**135.84**	**135.93**

Customs duty claims (including penalties) against the Company aggregating to ₹ 220.26 crores (31 March 2017 ₹ 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.

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

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:

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 1.19 crores (31 March 2017: ₹ 0.87 crores).

ii) The Company has commitments to export 68,710 MT (previous year 134,174 MT) of finished goods as per foreign trade policy pursuant to import of duty free material under advance license scheme.

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 2018	Maximum outstanding during the year 2017-18	Balance as at 31 March 2017	Maximum outstanding during the year 2016-17
Indo Rama Renewables Jath Limited (refer note 34)	-	-	-	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 ₹ 32.44 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 2018, the Company recognised interest of ₹ 2.92 crores (31 March 2017: ₹ 2.92 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 2018 is ₹ 16.79 crores (31 March 2017: ₹ 13.87 crores).

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, unless otherwise stated)

(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 equipment, which had been recognised as a receivable from the Insurance Company under other current assets. During the earlier 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.

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 2018	Year ended 31 March 2017
(i)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year		
	- principal amount	0.49	0.70
	- 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	1.73	1.31
	- 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	0.14	0.13
(iv)	The amount of interest accrued and remaining unpaid	0.27	0.14
(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.	-	-

41. Going concern

(a) The Company's business comprises of Polyester products, which had been highly competitive resulting into losses in the current as well as previous period but over the period the demand and supply in the industry has balanced, resulting in improved plant operating rate. This has resulted in improved profit margins in the industry. The Company has also taken several initiatives to improve its operational performance in terms of specialty products, cost control initiatives and addition of new customers. The Company has plans to secure additional working capital funds to ease the liquidity position and improve the capacity utilization. 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.

(b) The under utilisation of plant capacity in the Company is mainly due to paucity of working capital funds and due to change in the macro economic scenarios led by demonetisation and Goods and Service Tax ('GST') regime. To augment the additional fund requirement, the Company has taken following steps:

- Allotted 20 (Twenty) 12% Optionally Convertible Debentures (OCDs) to promoter on 24 January 2018 bearing face value of ₹ 10,000,000 each as per Securities and Exchange Board of India (Issue of

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

Capital and Disclosure Requirements) Regulations, 2009. The OCDs are unsecured and are convertible into equity at the option of OCD holder within a period of twelve months subject to maximum eighteen months from the date of allotment.

- Subsequent to the 31 March 2018, the Company has entered into arrangements with a non-banking finance company to source/bridge the working capital gap subject to completion of certain conditions.

In view of the aforementioned steps taken, the management believes that normal operations of the Company shall be sustained for the foreseeable future. Accordingly, the assets and liabilities are recorded on the basis that the Company will be able to use or realise its asset at least at the recorded amounts and discharge its liabilities in the usual course of business.

42. Investment in subsidiary was sold during the previous financial year

During the previous year ended 31 March 2017, 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.

Pursuant to scheme of amalgamation approved by NCLT, Indo Rama Renewables Jath Limited which was hitherto subsidiary of Indo Rama Renewables Limited, became wholly owned subsidiary of the Company.

43. Exceptional items

During the current year ended March 31, 2018, ₹ 7.36 crores incurred towards fees as per provisions of foreign trade policy.

In the previous year ended 31 March 2017, the Company had charged off ₹ 4.73 crores towards the net book value of property, plant and equipment, capital work-in-progress and capital advances (to the extent not recoverable) acquired from subsidiaries under the scheme of amalgamation.

44. CSR expenditure

(a) Gross amount required to be spent by the Company during the year: ₹ Nil (previous year ₹ Nil crores).

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ crores, except for share data and if otherwise stated)

(b) Amount spent during current year is as follows:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Promotion of education	0.02	0.15
Health care	0.04	0.05
Rural development	0.23	-
Total	**0.29**	**0.20**

45. Business Combination

During the previous financial year, the board of directors approved the scheme for amalgamation of Indo Rama Renewables Limited, wholly owned subsidiary of the Company and its two step down 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 passed an order approving the merger effective from 1 April 2016 on 29 March 2017. Consequently, the assets and liabilities were merged with the Company by using pooling of interest method as per Ind AS 103, Business Combinations. As the order of NCLT was passed on 29 March 2017, the transactions of subsidiaries occurred during the period from 1 April 2016 to 29 March 2017 were incorporated in the financial statement for year ended 31 March 2017.

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: Gurugram
Date: 28 May 2018

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

Rajendra Kumar Gupta
Chief Financial Officer
ICAI Membership No.: 083783

Place: Gurugram
Date: 28 May 2018