

Corporate Information and Significant Accounting Policies

Corporate Information

Aarti Industries Limited ("The Company") is listed entity incorporated in India. The registered office of the Company is located at Plot No. 801,801/23 G.I.D.C. Estate, Phase III, Vapi, Dist. Valsad Gujarat 396 195 India.

The Company is engaged in manufacturing and dealing in Speciality Chemicals, Pharmaceuticals and Home & Personal Care intermediates.

Significant Accounting Policies

(a) Basis of Preparation and Presentation:

These Financial Statement of the Company have been prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended on time to time.

(b) Revenue Recognition:

- (i) Sale of goods is recognized on dispatch of goods to customers and is recorded net of claims, etc., as considered appropriate. Revenue from Conversion, Sale of Scrap and obsolete stores is accounted for at the time of disposal.
- (ii) Export entitlements are recognized on realization.
- (iii) Revenue in respect of Interest, Insurance claims are recognized on the time proportion method.
- (iv) Subsidy from Department of Fertilizers is recognised, based on the eligible quantities supplied by the Company, at the rates as notified/announced by the Government of India.

(c) Property, Plant and Equipment, Intangible Assets and Depreciation/Amortization:

(1) Property, Plant and Equipment (PPE):

Property, Plant & Equipment are stated at cost of acquisition (net of recoverable taxes) inclusive of all expenditure of capital nature such as inward freight, duties & taxes, installation and commissioning expenses, appropriate borrowing costs and incidental expenses related to acquisition.

(2) Intangible Asset:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable

to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

(3) Depreciation/Amortization:

- (A) Pursuant to the notification of Schedule II of the Companies Act, 2013, the management has reassessed and changed based on an independent technical estimates, wherever necessary, the useful lives to compute depreciation, to confirm to the requirements of the Companies Act, 2013. The useful life for various class of assets is as follows:

Particulars	Depreciation/Amortisation
(i) Leasehold Land	Over the remaining tenure of lease
(ii) Building	Over a period of 19 years
(iii) Residential Quarters	Over a period of 30 years
(iv) Plant & Equipments	Over its useful life as technically assessed, i.e over a period of 9 - 19 years, based on the type of processes and equipments installed.
(v) Computers	Over a period of 2.5 years
(vi) Office Equipment	Over a period of 5 years
(vii) Furniture and Fixtures	Over a period of 10 years
(viii) Vehicles	Over a period of 7 years

- (B) Product/Process Development Expenses are amortized over the estimated useful life of the product.

- (4) Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of net selling price of an assets or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

(d) Research and Development:

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of Property, Plant & Equipment and depreciation is provided on the same basis as for other Property, Plant & Equipment.

(e) Investments:

- (i) Investments in subsidiaries and associates are measured at cost.
- (ii) Other investments are measured at fair value through Other Comprehensive Income.

(f) Valuation of Inventories:

Inventories are valued at Cost or Net Realizable Value whichever is lower.

Inventories have been valued on the following basis:

(i)	Raw Materials, Packing Material, Stores and Spares	At cost on Weighted Average basis
(ii)	Work-in-Process	At cost plus appropriate allocation of overheads
(iii)	Finished Goods	At cost plus appropriate allocation of overheads or net realizable value, whichever is lower

(g) Retirement Benefits:

Employee benefits are charged off in the year in which the employee has rendered services.

(h) Foreign Currency Transactions:

Foreign currency transactions are accounted at the rates prevailing on the date of the transaction. The exchange rate differences arising out of such transactions are appropriately dealt in the financial statements in accordance with the applicables accounting standards.

(i) Operating Lease:

Operating Lease payments are recognized as an expense in the Profit & Loss Account of the year to which they relate.

(j) Deferred Revenue Expenditure:

Deferred Revenue Expenditure is amortized over the period of the agreement on pro rata basis.

(k) Income Taxes:

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred Tax reflects the impact of timing differences between Taxable Income and Accounting Income for the year and reversal of timing differences of earlier years. Deferred Tax is measured on the basis of Tax Rates and Tax Laws enacted or substantively enacted at the Balance Sheet. Deferred Tax Assets are recognized only if there is reasonable certainty of their realization except in case of Deferred Tax Assets on unabsorbed depreciation and carried forward business losses, which are recognized only if there is virtual certainty of their realization.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT Credit is allowed to be carried forward. The Company reviews the same at each balance sheet date.

(l) Borrowing Costs:

Borrowing cost directly related to the acquisition or construction of an asset is capitalized as part of the cost of that asset. Other borrowing costs are charged to the Profit and Loss Account.

(m) Provisions and Contingent Liabilities:

Provisions are recognized when the Company has a legal and constructive obligation as a result of a past event, for which it is probable that a Cash Outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a Cash Outflow will not be required to settle the obligation.

(n) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and Cash Equivalents consist of balances with banks which are unrestricted for withdrawals and usages.

1. PROPERTY, PLANT AND EQUIPMENT:

(₹ in Crs)

F.Y. 2017-18	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2017	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2018	Balance as at 1st April, 2017	Depreciation charge for the year	Deduction / Adjustment	Balance as at 31st March, 2018	Balance as at 31st March, 2018	Balance as at 31st March, 2017
(i) Tangible Assets										
Free hold Land	3.57	-	-	3.57	0.26	-	-	0.26	3.31	3.31
Lease Hold Land	99.27	33.27	-	132.54	3.28	2.20	-	5.48	127.06	95.99
Buildings	212.65	43.90	-	256.55	51.94	12.12	-	64.06	192.49	160.71
Plant and Equipment	2,043.86	296.61	1.03	2,339.44	772.11	114.61	0.37	886.35	1,453.10	1,271.75
R & D Assets	33.32	33.19	-	66.51	11.91	2.97	-	14.88	51.63	21.41
Furniture and Fixtures	24.98	5.33	-	30.31	17.73	2.36	-	20.09	10.22	7.25
Vehicles	18.57	1.89	0.32	20.14	14.12	1.12	0.27	14.97	5.17	4.45
Total (i)	2,436.22	414.19	1.35	2,849.06	871.35	135.38	0.64	1,006.09	1,842.98	1,564.87
(ii) Intangible Assets										
Process Development	21.96	-	-	21.96	20.26	0.40	-	20.66	1.30	1.70
Technical Knowhow	0.08	-	-	0.08	0.08	-	-	0.08	NIL	NIL
Goodwill	6.16	-	-	6.16	6.16	-	-	6.16	NIL	NIL
Computer Software	0.38	-	-	0.38	0.38	-	-	0.38	NIL	NIL
Copyrights and Patents	9.65	-	-	9.65	9.65	-	-	9.65	NIL	NIL
Total (ii)	38.23	-	-	38.23	36.53	0.40	-	36.93	1.30	1.70
TOTAL (i+ii)	2,474.45	414.19	1.35	2,887.29	907.88	135.78	0.64	1,043.02	1,844.28	1,566.57
(iii) Capital Work-in-Progress									431.18	266.79

(₹ in Crs)

F.Y. 2016-17	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1st April, 2016	Additions/ (Disposals)	Deduction/ Adjustment	Balance as at 31st March, 2017	Balance as at 1st April, 2016	Depreciation for the year	Deduction / Adjustment	Balance as at 31st March, 2017	Balance as at 31st March, 2016
(i) Tangible Assets									
Free hold Land	3.57	NIL	NIL	3.57	0.26	NIL	NIL	0.26	3.31
Lease Hold Land	37.60	61.67	NIL	99.27	2.88	0.40	NIL	3.28	34.72
Buildings	156.82	55.83	NIL	212.65	42.27	9.67	NIL	51.94	114.55
Plant and Equipment	1,668.05	376.09	0.28	2,043.86	673.91	98.40	0.20	772.11	994.14
R & D Assets	23.07	10.25	NIL	33.32	9.34	2.57	NIL	11.91	13.73
Furniture and Fixtures	20.35	4.63	NIL	24.98	15.80	1.93	NIL	17.73	4.55
Vehicles	17.43	1.33	0.19	18.57	12.73	1.52	0.13	14.12	4.70
Total (i)	1,926.89	509.80	0.47	2,436.22	757.19	114.49	0.33	871.35	1,169.70
(ii) Intangible Assets									
Process Development	19.96	2.00	NIL	21.96	19.96	0.30	NIL	20.26	NIL
Technical Knowhow	0.08	NIL	NIL	0.08	0.08	NIL	NIL	0.08	NIL
Goodwill	6.16	NIL	NIL	6.16	6.16	NIL	NIL	6.16	NIL
Computer Software	0.38	NIL	NIL	0.38	0.38	NIL	NIL	0.38	NIL
Copyrights and Patents	9.65	NIL	NIL	9.65	9.65	NIL	NIL	9.65	NIL
Total (ii)	36.23	2.00	NIL	38.23	36.23	0.30	NIL	36.53	NIL
TOTAL (i+ii)	1,963.12	511.80	0.47	2,474.45	793.42	114.79	0.33	907.88	1,169.70
(iii) Capital Work-in-Progress									
								266.79	306.76

1.1 Gross Block of Plant & Equipment includes assets given on Lease with Gross Block ₹ 1.15 Crs (previous year ₹ 1.15 Crs)

1.2 Additions to Gross Block includes an amount of ₹ 10.03 Crs (previous year ₹ 5.16 Crs) being the net foreign exchange loss, arising on account of restatement and repayments of Long-term Foreign Currency Loans during the year.

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2. NON-CURRENT INVESTMENTS:

(₹ in Crs)

Name of the Company	No. of Shares/ Units	As at 31st March, 2018	No. of Shares/ Units	As at 31st March, 2017
Trade Investments - (Quoted) in Equity Shares				
Aarti Drugs Limited	491,790	24.88	491,790	28.32
		24.88		28.32
Investments - (Unquoted) in Equity Shares of Subsidiary Companies				
Aarti Corporate Services Limited	2,024,680	1.73	2,024,680	1.73
Alchemie (Europe) Limited	80,000	0.54	80,000	0.54
Innovative Envirocare Jhagadia Limited	350,000	0.35	350,000	0.35
Aarti USA Inc.	10,000,000	0.66	10,000,000	0.66
Aarti Polychem Private. Limited	1,500	0.00	NIL	NIL
Ganesh Polychem Limited	3,098,257	12.61	3,098,257	12.61
		15.89		15.89
Investments - (Unquoted) in Equity Shares of Other Companies				
Ichalkaranji Janata Sahakari Bank Limited	1,020	0.01	1,020	0.01
Damanganga Saha Khand Udyog Mandali Limited	61	0.01	61	0.01
Narmada Clean Tech Limited	287,550	0.13	287,550	0.13
Dilesh Roadlines Private Limited	464,550	1.77	464,550	1.43
Indusken Pharmaceuticals Private Limited	NIL	NIL	200,000	0.20
U.K.I.P. Co-Op. Society Limited	35	0.00	35	0.00
Perfect Enviro Control Systems Limited	36,800	0.02	36,800	0.02
Aarti Ventures Limited	190,000	0.16	190,000	0.16
Tarapur Environment Protection Society	7,188	0.62	7,188	0.62
Derma Touch Inc.	125,000	1.34	125,000	1.34
Shamrao Vithal Co-op. Bank Limited	100	0.00	100	0.00
		4.06		3.92
Investments - (Unquoted) in Limited Liability Partnership				
Aarti Udyog Limited Liability Partnership	NA	3.80	NA	3.80
		3.80		3.80
Investments - (Unquoted) in Unsecured Convertible Debentures				
Aarti Corporate Services Limited	NIL	NIL	250,000	2.50
Aarti Ventures Limited	727,000	7.27	727,000	7.27
		7.27		9.77
TOTAL		55.90		61.70

3. OTHER NON-CURRENT ASSETS:

(₹ in Crs)

Particulars	As at	As at
	31st March, 2018	31st March, 2017
Capital Advances	52.06	39.46
Other Deposits	31.20	29.27
Advance Tax and Tax Deducted at Source (Net of Provisions)	133.75	98.53
TOTAL	217.01	167.26

4. INVENTORIES:

(₹ in Crs)

Particulars	As at	As at
	31st March, 2018	31st March, 2017
Raw Materials and Components (incl In-transit stock)	238.32	186.91
Work-in-progress	191.18	156.90
Finished Goods (incl In-transit stock)	204.68	119.32
Stock-in-trade	1.11	51.01
Stores and spares	19.16	12.94
Fuel (incl In-transit stock)	28.64	14.54
Packing Materials	3.66	4.97
TOTAL	686.75	546.59

4.1. IN-TRANSIT INVENTORIES:

(₹ in Crs)

Particulars	As at	As at
	31st March, 2018	31st March, 2017
Raw Materials	41.26	21.85
Finished Goods	45.13	38.89
Fuel	22.51	11.57
TOTAL	108.90	72.31

5. TRADE RECEIVABLES:

(₹ in Crs)

Particulars	As at	As at
	31st March, 2018	31st March, 2017
Unsecured, considered good (Net of Advances)		
For more than a period exceeding six months	29.76	29.76
Others	609.47	517.61
TOTAL	639.23	547.37

6. CASH AND CASH EQUIVALENTS:

(₹ in Crs)

Particulars	As at	
	31st March, 2018	31st March, 2017
Cash on hand	0.48	0.54
Bank balance in Current Accounts	17.00	12.63
Bank deposits kept as Margin Money	4.46	6.38
Earmarked Balances (Unpaid Dividend Accounts)	1.99	2.08
TOTAL	23.93	21.64

7. OTHER CURRENT FINANCIAL ASSETS:

(₹ in Crs)

Particulars	As at	
	31st March, 2018	31st March, 2017
Balances with Customs, Port Trust, Central Excise, Sales Tax and Goods & Services Tax Authorities	185.60	119.90
Loans & Advances:		
(i) Employees	7.14	6.44
(ii) Others	1.97	14.09
(iii) Related Parties	0.05	2.03
TOTAL	194.76	142.46

8. OTHER CURRENT ASSETS:

(₹ in Crs)

Particulars	As at	
	31st March, 2018	31st March, 2017
Others Receivables	0.45	4.18
Prepaid Expenses	12.23	5.47
Subsidy Receivable	7.99	6.61
Insurance Claim Receivable	3.79	4.25
TOTAL	24.46	20.51

9. EQUITY SHARE CAPITAL:

(₹ in Crs)

Particulars	As at		As at	
	No. of Shares	31st March, 2018	No. of Shares	31st March, 2017
Authorised Share Capital				
Equity Shares of ₹ 5/- each	230,150,320	115.08	230,150,320	115.08
Issued, Subscribed & Paid up				
Equity Shares of ₹ 5/- each fully paid up	81,300,000	40.65	82,120,383	41.06
TOTAL		40.65		41.06

9.1 Reconciliation of the number of Shares outstanding as on 31st March, 2018:

Particulars	As at	
	31st March, 2018	31st March, 2017
Equity Shares at the beginning of the year	82,120,383	83,320,383
Add: Shares issued during the year	NIL	NIL
Less: Shares buy-back during the year	820,383	1,200,000
Equity Shares at the end of the year	81,300,000	82,120,383

9.2 Details of shareholders holding more than 5% shares:

Name of the Shareholders	As at 31st March, 2018		As at 31st March, 2017	
	No. of Shares	% held	No. of Shares	% held
HDFC Trustee Company Limited	6,530,886	8.03	6,267,393	7.63
Rashesh Chandrakant Gogri	5,334,404	6.56	4,797,248	5.84
Chandrakant Vallabhaji Gogri	3,943,934	4.85	7,404,834	9.02

9.2 The details of Equity Shares outstanding during last 5 years:

Particulars	Financial Year				
	2017-18	2016-17	2015-16	2014-15	2013-14
No. of Equity Shares outstanding (Refer Note No. 9.4)	81,300,000	82,120,383	83,320,383	88,591,687	88,591,687

9.4 Note on Issued, Subscribed and Paid up Equity Share Capital:

- [a] During the year 2017-18, 820,383 Shares were brought back at a premium of ₹ 1,195/-.
- [b] During the year 2016-17, 1,200,000 Shares were brought back at a premium of ₹ 795/-.
- [c] During the year 2015-16, 5,271,304 Shares of the Company had been cancelled, on the net basis, pursuant to the Scheme of Amlagmation of Anushakti Chemicals & Drugs Limited, Anushakti Holdings Limited, Gogri and Sons Investments Private Limited and Alchemie Leasing & Financing Private Limited into the Company.

10. OTHER EQUITY:

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Capital Reserves		
Opening Balance	9.57	9.05
Addition: Trf. From State Investment Subsidy	NIL	0.52
Deduction	NIL	NIL
Closing Balance	9.57	9.57
b. Capital Redemption Reserve		
Opening Balance	1.15	0.55
Addition: upon Buy-back of Shares	0.41	0.60
Deduction	NIL	NIL
Closing Balance	1.56	1.15
c. Securities Premium Account		
Opening Balance	NIL	21.99
Addition	NIL	NIL
Deduction: upon Buy-back of Shares	NIL	21.99
Closing Balance	NIL	NIL
d. Debenture Redemption Reserve		
Opening Balance	90.00	60.00
Addition: Transferred from Profit & Loss Account	30.00	30.00
Deduction	NIL	NIL
Closing Balance	120.00	90.00
e. General Reserve		
Opening Balance	125.68	168.69
Addition: Transferred from Profit & Loss Account	32.00	31.00
Deduction: upon Buy-back of Shares	98.44	74.01
Closing Balance	59.24	125.68
f. Profit and Loss Account		
Opening balance	1,011.47	765.79
Addition: Net Profit/(Loss) for the year	316.44	306.68
Deduction:		
Dividend on Equity Shares	8.21	NIL
Tax on Dividend	1.67	NIL
Other Adjustments	(0.06)	NIL
Transferred to General Reserve	32.00	31.00
Transferred to Debenture Redemption Reserve	30.00	30.00
Closing Balance	1,256.09	1,011.47
g. Other Reserves		
Forfeiture Reserve	1.85	1.85
Closing Balance	1.85	1.85
h. Other Comprehensive Income		
Opening Balance	29.31	23.59
OCI for the year	(3.09)	5.72
Closing Balance	26.21	29.31
TOTAL	1,474.52	1,269.03

11. NON-CURRENT BORROWINGS:

(₹ in Crs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	Non-Current	Current	Non-Current	Current
Secured				
(a) Non Convertible Debentures (NCDs) (Refer Note No. 11.1 a)	120.00	40.00	160.00	40.00
(b) ECB/Term loans from Banks/ Financial Institutions (Refer Note No. 11.1 b)	776.86	121.91	435.00	87.04
(c) Vehicle Loans from Banks/Financial Institutions (Refer Note No. 11.1 c)	0.57	0.36	0.60	0.33
TOTAL	897.43	162.27	595.60	127.37

- 11.1 a) Secured, Redeemable, STRPPS NCDs bearing coupon rate of 11.75% p.a. Debentures of ₹ 200.00 Crs are secured by way of First Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movable fixed assets, both present and future, wherever situated, excluding those charged exclusively to other Term Lenders. The NCDs are issued in the year 2014-15 and are redeemable in five equal installments commencing from the end of the 3rd year from the date of allotment of these Debentures.
- b) Out of the total ECB/Term Loans from Banks/Financial Institutions of ₹ 898.77 Crs
- i) Outstanding Term Loans/ECBs to the extent of ₹ 94.55 Crs are secured by way of Pari Passu Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi and Jhagadia, in the State of Gujarat, Pithampur in the State of Madhya Pradesh, Silvassa in the Union Territory of Silvassa, Tarapur in the State of Maharashtra and further by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders.
 - ii) Outstanding Term Loans/ECBs to the extent of ₹ 804.22 crs are secured by way of Pari Passu Hypothecation of the Moveable Plant & Machinery, Machinery Spares, Tools and Accessories and other movables, both present and future (except book debts, inventories and other current assets) wherever situated, excluding those charged exclusively to other Term Lenders.
- c) Vehicle loans from Banks/Financial Institutions are secured by way of hypothecation of respective vehicles.

11.2 Repayment Terms:

(₹ in Crs)

Particulars	Repayment Tenor			
	1-2 years	2-3 years	3-4 years	Beyond 4 years
NCDs/ECB/Term Loans from Banks/ Financial Institutions	251.62	236.35	236.35	172.54
Vehicle Loans from Banks/Financial Institutions	0.20	0.20	0.17	-

12. DEFERRED TAX LIABILITIES (NET):

(₹ in Crs)

Particulars	As at	As at
	31st March, 2018	31st March, 2017
Deferred Tax Liabilities	141.96	119.46
Difference between net book value of depreciable capital assets as per books vis - a- vis written down value as per Tax Laws	19.39	24.43
Deferred Tax Assets		
Items allowed for tax purpose on payment	(1.98)	(1.93)
Deferred Tax Liabilities (Net)	159.36	141.96

13. SHORT-TERM BORROWINGS:

(₹ in Crs)

Particulars	As at	As at
	31st March, 2018	31st March, 2017
Secured		
Working Capital Loan From Banks (Refer Note No. 13.1)	846.94	733.88
	846.94	733.88
Unsecured		
From Banks	139.89	88.46
	139.89	88.46
TOTAL	986.83	822.34

- 13.1** Working Capital Loans availed from Scheduled Banks, are secured/to be secured by way of Pari Passu first charge by hypothecation of Raw Materials, Stock-In-Process, Semi-Finished Goods, Finished Goods, Packing Materials and Stores and Spares, Bills Receivables and Book Debts and all other moveable, both present and future. Also by way of Joint Equitable Mortgage of the Company's immovable properties situated at Sarigam, Vapi, Jhagadia and Bhachau in the State of Gujarat Pithampur in the State of Madhya Pradesh, Silvassa in the Union Territory of Silvassa, and at Tarapur in the State of Maharashtra and further by way of hypothecation of all moveable plant & machinery, machinery spares, tools and accessories and other movables, both present and future (except book debts & inventories) wherever situated, ranking second to the charge held by NCDs/ECB/Other Term Lenders.

14. OTHER CURRENT LIABILITIES:

(₹ in Crs)

Particulars	As at	As at
	31st March, 2018	31st March, 2017
Current maturities of Long-Term Debt (Refer Note No. 11)	161.91	127.04
Current maturities of Vehicle Loan (Refer Note No. 11)	0.36	0.33
Interest accrued but not due on borrowings	14.87	18.61
Unpaid Dividends	1.99	2.08
Deposits	0.07	0.17
Sales Tax Deferred Liability	0.15	0.15
Other Current Liabilities & Taxes	5.27	3.87
TOTAL	184.62	152.25

15. SHORT-TERM PROVISIONS:

(₹ in Crs)

Particulars	As at	As at
	31st March, 2018	31st March, 2017
Provision for		
Employees' Benefits	27.49	23.78
TOTAL	27.49	23.78

16. REVENUE FROM OPERATIONS: (Refer Note No. 16.1)

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Sale of Products	3,651.62	2,995.54
Sale of Services	5.56	9.00
Other Operating Revenues (Refer Note No. 16.2)	42.13	45.68
GROSS REVENUE OPERATIONS	3,699.31	3,050.22

16.1 GROSS SALES & OPERATING REVENUES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Local Sales:		
Speciality Chemicals	1,567.25	1,269.92
Pharmaceuticals	308.57	218.13
Home & Personal Care Chemicals	230.77	147.42
Total (A)	2,106.59	1,635.47
Export Sales:		
Speciality Chemicals	1,311.49	1,186.13
Pharmaceuticals	247.65	207.94
Home & Personal Care Chemicals	33.58	20.68
Total (B)	1,592.72	1,414.75
TOTAL (A+B)	3,699.31	3,050.22

16.2 OTHER OPERATING REVENUES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Fertilizers Subsidy Received	17.82	19.67
Export Benefits/Incentives Received	17.60	19.65
Scrap Sales	6.17	4.63
Vat Refund Received	0.54	1.73
TOTAL	42.13	45.68

17. OTHER INCOME:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Dividend Received	1.26	0.61
Profit on Sale of Assets/Investment	0.39	0.79
Lease Rent Income	0.26	0.26
Other Income	0.22	0.85
TOTAL	2.13	2.51

18. COST OF MATERIALS CONSUMED:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Consumption of Raw Materials	1,867.82	1,441.42
Consumption of Packing Materials	37.95	36.00
Consumption of Fuel	142.82	90.29
Consumption of Stores & Spares	67.20	58.29
TOTAL	2,115.79	1,626.00

19. CHANGE IN INVENTORY:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Opening Stock		
Finished Goods	170.33	159.84
Work-in-Progress	156.90	137.32
Total (A)	327.23	297.16
Closing Stock		
Finished Goods	205.79	170.33
Work-in-Progress	191.18	156.90
Total (B)	396.97	327.23
TOTAL (A-B)	(69.74)	(30.07)

20. EMPLOYEE BENEFITS:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Salaries, Wages & Bonus	159.21	125.93
Contribution to PF and other Funds	9.68	7.57
Workmen & Staff Welfare Expenses	7.91	6.67
TOTAL	176.80	140.17

21. FINANCE COST:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Interest on NCD's	19.77	23.50
Other Interest Expenses	104.24	87.83
Other Borrowing Costs	6.73	6.05
TOTAL	130.74	117.38

22. OTHER EXPENSES:

(₹ in Crs)

Particulars	For the Year Ended 31st March, 2018	For the Year Ended 31st March, 2017
Manufacturing Expenses:		
Freight, Cartage & Transport	103.78	87.63
Power	109.10	101.45
Water Charges	9.68	7.73
Processing Charges	40.51	29.84
Other Manufacturing Expenses	118.01	99.96
Repairs & Maintenance	72.00	66.58
Insurance Charges	2.80	2.36
Research & Development Expenses	14.74	11.38
Factory Administrative Expenses	27.43	22.11
Total (A)	498.05	429.04
Office Administrative Expenses:		
Rent, Rates and Taxes	2.01	2.14
Travelling and Conveyance	4.87	5.15
Auditor's Remuneration (Refer Note No. 22.1)	0.22	0.21
Legal & Professional Charges	13.89	4.18
Postage, Telegraph & Telephone	0.78	0.78
Printing & Stationery Expenses	0.87	0.75
Other Administrative Expenses	9.52	7.50
Total (B)	32.16	20.71
Selling & Distribution Expenses:		
Advertisement & Sales Promotion	5.21	5.29
Export Freight Expenses	59.30	46.16
Freight and Forwarding Expenses	90.74	70.79
Commission	7.98	8.12
Export Insurance Charges	2.00	1.82
Sample Testing & Analysis Charges	1.15	0.91
Lease Rent Paid	11.36	11.23
Provision for Doubtful Debts	1.00	NIL
Sundry Balance Written Off/(Back)	0.79	0.14
Total (C)	179.53	144.46
Non-Operating Expenses:		
Donations and CSR Expenses	6.69	7.27
Loss on Sale of Assets	0.39	NIL
Total (D)	7.08	7.27
TOTAL (A+B+C+D)	716.83	601.48

22.1 AUDITOR'S REMUNERATION:

(₹ in Crs)

Particulars	For the	
	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Audit Fees	0.17	0.16
Certification Charges	0.03	0.03
Out of Pocket Expenses	0.01	0.02
TOTAL	0.21	0.21

23. EARNING PER SHARE (EPS):

Particulars	For the	
	Year Ended 31st March, 2018	Year Ended 31st March, 2017
Net Profit available for Equity Shareholders	(₹ in Crs) 316.44	306.68
No. of Equity Shares	(Nos.) 81,300,000	82,120,383
Basic & Diluted EPS	(₹) 38.92	37.35
Nominal Value of Equity Share	(₹) 5.00	5.00

23.1 Basic earnings per share has been computed by dividing the profit/loss for the year by the weighted average number of shares outstanding during the year.

Partly paid shares are included as fully paid equivalents according to the fraction paid up.

Diluted earnings per share has been computed using weighted average number of shares dilutive potential shares, except where the results would be anti-dilutive.

24. CONTINGENT LIABILITIES AND COMMITMENTS:

(to the extent not provided for)

(₹ in Crs)

Particulars	As at	
	31st March, 2018	31st March, 2017
(i) Contingent Liabilities:		
(a) Claims against the company not acknowledged as Debts	89.49	69.47
(b) Letters of Credit, Bank Guarantees & Bills Discounted	67.82	67.07
	157.31	136.54
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	43.14	59.75
	43.14	59.75
TOTAL	200.45	196.29

25. There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2018. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

26. Interest received of ₹ 7.08 Crs (Tax Deducted at Source ₹ 0.36 Crs) [previous year ₹ 9.41 Crs (Tax Deducted at Source ₹ 0.38 Crs)] is netted off against interest paid on Working Capital.

27. In the opinion of the Board, except as otherwise stated, the Current Assets and Loans and Advances have a value on realization at least equal to amounts at which they are stated in the Balance Sheet.

28. RESEARCH & DEVELOPMENT ACTIVITIES:

(₹ in Crs)

Expenditure	As at 31st March, 2018	As at 31st March, 2017
Revenue	14.74	11.38
Capital	33.18	10.25

29. SEGMENT REPORTING:

(₹ in Crs)

Sr. No. Particulars	Financial Year 2017-18	Financial Year 2016-17
(A) Primary Segments: Business Segments		
1 Segment Revenue:		
a) Speciality Chemicals	2,878.74	2,456.05
b) Pharmaceuticals	556.22	426.07
c) Home & Personal Care Chemicals	264.35	168.10
TOTAL	3,699.31	3,050.22
2 Segment Results Profit/(Loss):		
Before Tax and Interest from each Segment		
a) Speciality Chemicals	537.07	517.00
b) Pharmaceuticals	79.20	48.13
c) Home & Personal Care Chemicals	2.75	0.77
Total (A)	619.02	565.90
Less: Interest	130.74	117.38
Other Unallocable Expenditure (Net)	95.93	69.78
Total (B)	226.67	187.16
Total Profit before Tax (A-B)	392.35	378.74
3 Segment Assets:		
a) Speciality Chemicals	2,802.00	2,350.76
b) Pharmaceuticals	808.23	628.99
c) Home & Personal Care Chemicals	229.10	152.52
d) Unallocated Capital	278.18	208.62
TOTAL	4,117.51	3,340.89
Segment Liabilities:		
a) Speciality Chemicals	426.47	386.99
b) Pharmaceuticals	75.48	57.03
c) Home & Personal Care Chemicals	56.75	26.88
d) Unallocated Capital	159.36	141.95
TOTAL	718.06	612.85
(B) Secondary Segments: Geographical Segments		
a) India	2,106.59	1,635.46
b) Out of India	1,592.72	1,414.76
TOTAL	3,699.31	3,050.22

Note:

The above segment report is presented in accordance with the applicable provisions & principles laid down under IND AS 108.

30. RELATED PARTY DISCLOSURE UNDER ACCOUNTING STANDARD (Ind AS: 24):

I Following are the Subsidiaries of the Company

1. Aarti Corporate Services Limited
2. Nascent Chemical Industries Limited (Through it holding Company: Aarti Corporate Services Limited)
3. Shanti Intermediates Private Limited (Through it holding Company: Aarti Corporate Services Limited)
4. Innovative Envirocare Jhagadia Limited
5. Ganesh Polychem Limited
6. Alchemie (Europe) Limited
7. Aarti USA Inc.
8. Aarti Polychem Private Limited

II Following are the Enterprises/Firms over which controlling individuals/Key Management Personnel, of the Company along with their relatives, have significant influence

1. Alchemie Speciality Chemicals Private Limited
2. Alchemie Laboratories
3. Aarti Drugs Limited
4. Alchemie Dye Chem Private Limited

III Following are the individuals who with their relatives own Directly/indirectly 20% or more voting power in the Company or have significant influence or are Key Management Personnel

1. Shri Rajendra V. Gogri Director
2. Shri Rashesh C. Gogri Director
3. Shri Shantilal T. Shah Director
4. Shri Parimal H. Desai Director
5. Shri Manoj M. Chheda Director
6. Shri Kirit R. Mehta Director
7. Smt. Hetal Gogri Gala Director
8. Shri Renil R. Gogri Director
9. Shri Chetan Gandhi Chief Financial Officer
10. Smt. Mona Patel (upto Date 14/11/2017) Company Secretary
11. Shri Raj Sarraf (from Date 16/11/2017) Company Secretary

The following transactions were carried out during the year with the related parties in the ordinary course of business

(A) Details relating to parties referred to in items I and II above.

(₹ in Crs)

Sr. No.	Description of Transaction	Year	Subsidiary Companies [I]	Other related Enterprises Firms [II]
1	Sales of Finished Goods/Sales Income	CY	169.82	30.96
		PY	120.40	31.87
2	Purchases of Raw Materials/Finished Goods	CY	21.38	11.31
		PY	10.27	16.81
3	Other Manufacturing Expenses	CY	27.25	2.81
		PY	23.81	2.68
4	Rent paid	CY	-	0.14
		PY	-	0.15
5	Rent Income	CY	-	0.02
		PY	-	0.03
6	Sale of Investment(Convertible Debenture)	CY	2.50	-
		PY	-	-
7	Sale of Fixed Assets	CY	0.07	-
		PY	0.69	0.04
8	Purchase of Fixed Assets	CY	0.67	-
		PY	0.68	1.91
9	Interest Income on the Inter-Corporate Deposits placed/unsecured loans/NCDs	CY	0.13	-
		PY	(0.30)	-
10	Dividend Received	CY	1.21	0.05
		PY	0.61	-
11	Outstanding items pertaining to the related parties at the balance sheet date - Receivable/(Payable)	CY	110.91	13.01
		PY	79.25	(0.99)

(B) Details relating to persons referred to in item III above*

(₹ in Crs)

Sr. No.	Particulars	Financial Year 2017-18	Financial Year 2016-17
a.	Remuneration including perquisites #	5.26	4.13
b.	Commission to Directors/KMPs	10.17	7.79
c.	Sitting Fees	0.02	0.03
d.	Rent paid	1.05	0.99
e.	Travelling Expenses	0.61	0.97
f.	Telephone Expenses	0.06	0.07
TOTAL		17.17	13.98

* Excluding the payments made to Independent Directors & Relative of Directors as per IND AS Interpretation 110 issued by the Institute of Chartered Accountants of India.

Value of Perquisites includes non Cash Perquisites of ₹ 0.02 Crs (previous year ₹ 0.02 Crs).

31. EMPLOYEE BENEFITS:

Defined Benefit Plan

The employees' gratuity fund scheme managed by Life Insurance of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(₹ in Crs)

Sr. No.	Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17
a. Reconciliation of Opening and Closing balances of Defined Benefit Obligation			
	Defined Benefit Obligation at beginning of the Year	14.20	11.49
	Current Service Cost	1.62	1.12
	Interest Cost	1.07	0.93
	Actuarial(gain)/ loss	0.37	0.83
	Benefits Paid	(0.91)	(0.17)
	Defined Benefit Obligation at year end	16.35	14.20
b. Reconciliation of opening and closing balances fair value of plan assets			
	Fair value of plan assets at beginning of the year	12.20	9.73
	Expected return of plan assets	0.92	0.78
	Assets Transferred In/Acquisitions	0.01	-
	Actuarial(gain)/loss	0.01	0.01
	Employer Contribution	1.55	1.85
	Benefits Paid	(0.91)	(0.17)
	Fair value of plan assets at year end	13.78	12.20
	Actual return on plan assets	0.94	0.79
c. Reconciliation of fair value of assets and obligations			
	Fair value of plan assets	13.78	12.20
	Present value of obligation	16.35	14.20
	Amount Recognized in Balance Sheet	2.57	2.00
d. Expenses recognized during the year			
	Current Service Cost	1.62	1.12
	Interest Cost	1.07	0.93
	Expected return on plan assets	(0.92)	(0.78)
	Actuarial(gain)/ loss	(0.93)	0.82
	Net Cost	0.84	2.09
e. Investment Details			
	L.I.C Group Gratuity (Cash Accumulation) Policy	100% Invested with L.I.C.	100% Invested with L.I.C.
f. Actuarial assumptions			
	Mortality Table (L.I.C.)	2006-08 (Ultimate)	1994-96 (Ultimate)
	Discount rate (per annum)	7.87%	7.57%
	Expected rate of return on plan assets (per annum)	7.87%	7.57%
	Rate of escalation in Salary (per annum)	5.00%	5.00%

The estimate of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion, other relevant factor's including supply and demand in the employment market. The above information is certified by the actuary.

Leave Encashment:

Leave Encashment liability amounting to ₹ 6.59 Crs (previous year ₹ 6.42 Crs) has been provided in the Books of Accounts.

32. DERIVATIVES & FORWARD CONTRACT INSTRUMENTS:

- (A) The Company uses Forward Exchange Contract to hedge against its Foreign Exchange exposures relating to underlying transactions and firm commitments. The Company does not enter into any derivatives instruments for Trading or Speculative purposes.

As at 31st March, 2018 the Company has hedged in aggregate an amount of ₹ 1073.80 Crs (previous year ₹ 32.42 Crs) in respect of its short term and long term supply contracts. The annual value of its trade related operations (Exports & Imports) aggregates to ₹ 2171.92 Crs (previous year ₹ 1,976.60 Crs).

The Company has hedged its currency risks to the tune of ₹ 136.85 Crs (previous year ₹ 13.42 Crs), in respect of its long term Foreign Currency Loans/Borrowings. Relating to the same, the Company has also swapped its floating interest rate borrowing of ₹ 284.73 Crs (previous year ₹ 37.95 Crs) into a fixed rate loan through an interest rate swap.

- (B) Net foreign exchange gain arriving out of export and import activities of the Company of ₹ 23.69 Crs (previous year gain of ₹ 16.41 Crs) is included in Profit & Loss Account.

Company had entered into forward contracts to hedge its medium and long term exports contracts. Mark to Market loss on such contracts to the tune of ₹ 10.68 Crs (including loss of ₹ 2.05 Crs for contracts of more than one year) is recognised in the Profit & Loss Account. Company had further provided for Revaluation loss on long term borrowing (ECBs) to the extent of ₹ 2.51 Crs as at 31st March, 2018 and have recognised the same in the Profit & Loss Account.

33. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE III TO THE COMPANIES ACT, 2013.

		(₹ in Crs)	
Sr. No.	Particulars	Financial Year 2017-18	Financial Year 2016-17
(A) Details of Raw Material Consumption :			
	Benzene	446.92	373.17
	Concentrated Nitric Acid	107.10	100.19
	Aniline	174.11	85.90
	Alpha Olifine	56.10	55.90
	Sulphur	55.85	45.17
	Phthalic Anhydride	53.98	40.62
	Others	666.23	521.33
	TOTAL	1,560.29	1,222.28
(B) Sales of Products :			
	Speciality Chemicals	2,878.74	2,456.06
	Pharmaceuticals	556.22	426.07
	Home & Personal Care Chemicals	264.35	168.11
	TOTAL	3,699.31	3,050.24
(C) Details of Trading Purchases:			
	Diethyl Phthalate	8.74	13.59
	Ortho Anisidine	30.12	17.18
	Phthalic Anhydride	0.00	6.42
	Para Nitro Aniline	10.49	12.67
	Ethyl Alcohol	9.06	0.00
	Methanol	6.48	0.00
	Others	38.01	54.38
	TOTAL	102.90	104.24

(₹ in Crs)

Sr. Particulars No.	Financial Year 2017-18	Financial Year 2016-17
(D) Value and percentage of Raw Materials and Stores and Spares consumed:		
Raw Materials:		
Indigenous	1,105.90	907.30
	70.88%	74.23%
Imported	454.38	314.98
	29.12%	25.77%
TOTAL	1,560.28	1,222.28
	100.00%	100.00%
Stores and Spares:		
Indigenous	65.80	57.77
	97.92%	99.11%
Imported	1.40	0.52
	2.08%	0.89%
TOTAL	67.20	58.29
	100.00%	100.00%
Fuel:		
Indigenous	87.48	48.79
	61.25%	54.04%
Imported	55.34	41.49
	38.75%	45.96%
TOTAL	142.82	90.28
	100.00%	100.00%
(E) C.I.F. Value of Imports:		
Capital Goods	58.64	86.64
Raw Materials	459.77	373.80
Stores and Spares	1.40	0.52
Fuel	59.38	41.59
(F) Expenditure in Foreign Currency:		
Commission on Export Sales	5.13	4.32
Import of Goods for Resale	3.48	5.15
Other Expenses	42.73	43.82
(G) Earnings in Foreign Currency:		
F.O.B. Value of Export Sales	1,502.85	1,312.61

34. FAIR VALUE MEASUREMENTS:

Financial instruments by category

(₹ in Crs)

Particulars	As at 31st March, 2018			As at 31st March, 2017		
	Carrying Amount	Level 1	Level 2	Carrying Amount	Level 1	Level 2
Financial Assets						
At Amortised Cost						
Investments	29.07	-	-	31.77	-	-
Trade Receivables	639.23	-	-	547.37	-	-
Cash and Cash Equivalents	23.93	-	-	21.64	-	-
Other Financial Assets	302.48	-	-	231.70	-	-
At FVTOCI						
Investments	26.83	24.88	1.95	29.93	28.32	1.61
Financial Liabilities						
At Amortised Cost						
Borrowings	1,884.27	-	-	1,417.94	-	-
Trade Payables	346.60	-	-	294.87	-	-
Other Current Financial Liabilities	212.11	-	-	176.03	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

35. CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities.

(₹ in Crs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Gross Debts	2,046.54	1,545.31
Less: Cash and Marketable Securities	(48.81)	(49.96)
Net Debt (A)	1,997.73	1,495.35
Total Equity (B)	1,515.16	1,310.09
Net Gearing ratio (A/B)	1.32	1.14

Dividends Particulars	(₹ in Crs)	
	As at 31st March, 2018	As at 31st March, 2017
(i) Equity shares		
Final dividend for the year ended 31st March 2017 of ₹ 1 per fully paid share	8.21	NIL
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of dividend of ₹ 1 (31st March 2017 ₹ 1) per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	8.13	8.21

36. FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (deposits with banks and other financial instruments).

Credit risk is the risk that a customer or counterparty to a financial instrument fails to perform or pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in investments, dealing in derivatives and outstanding receivables from customers.

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees, Parent Company Guarantees, advance payments and factoring & forfaiting without recourse to AIL.

Credit risk management

To manage the credit risk, the Company follows a adequate credit control policy and also has an external credit insurance cover with ECGC policy wherein the customers are required to make an advance payment before procurement of goods. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.

Bank balances are held with only high rated banks and majority of other security deposits are placed majorly with government/statutory agencies.

II. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

(a) Liquidity risk management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31st March 2018

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	346.60	-	-	346.60
Other financial liabilities	1,198.95	859.76	37.67	2,096.37
Total	1,545.55	859.76	37.67	2,442.97

As at 31st March 2017

Maturities of non-derivative financial liabilities

(₹ in Crs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	294.87	-	-	294.87
Other financial liabilities	998.37	595.60	-	1,593.97
Total	1,293.24	595.60	-	1,888.84

III. Market risk

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.

Hence, to combat the foreign currency exposure, the Company follows a policy wherein the net exposures are hedged by forward Contracts.

Commodity Price Risk

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 trading operations and control processes. In accordance with the risk management policy, the Company enters into various transactions using derivatives and uses Over the Counter (OTC) as well as Exchange Traded Futures, Options and Swap contracts to hedge its commodity and freight exposure.

37. The figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date
For **Kirtane & Pandit LLP**
Chartered Accountants
FRN: 105215W/W100057

For and on behalf of the Board

Milind Bhawe
Partner
M. No.: 047973

Rajendra V. Gogri
Chairman and
Managing Director
DIN: 00061003

Rashesh C. Gogri
Vice Chairman and
Managing Director
DIN: 00066291

Shantilal T. Shah
Vice Chairman
DIN: 00004850

Place: Mumbai
Date: May 11, 2018

Chetan Gandhi
Chief Financial Officer

Raj Sarraf
Company Secretary