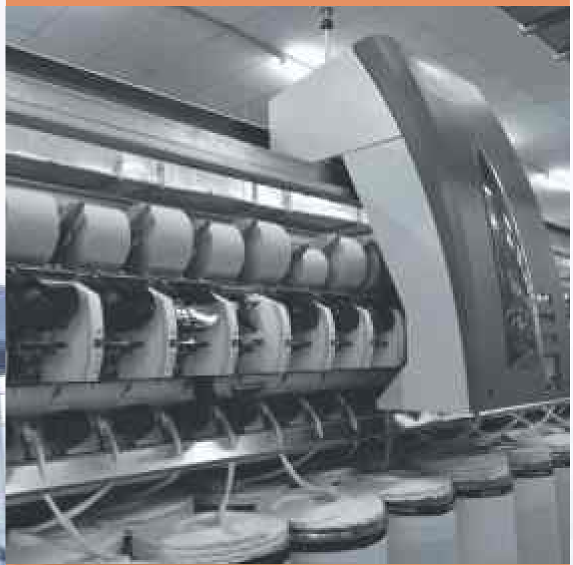


ANNUAL REPORT

2016-17

Kanoria Chemicals & Industries Limited

Registered Office

'Park Plaza'
71, Park Street
Kolkata – 700 016
CIN: L24110WB1960PLC024910
Phone: +91-33-40313200
Fax: +91-33-40313220
Email: info@kanoriachem.com

Company Secretary

N.K. Sethia

Group Chief Financial Officer

N. K. Nolkha

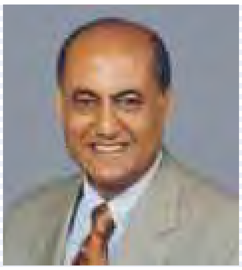
Auditors

Singhi & Co.
161, Sarat Bose Road
Kolkata - 700 026

Bankers

DBS Bank Limited
HDFC Bank Limited
Yes Bank Limited

BOARD OF DIRECTORS


Mr. R.V. Kanoria


Mrs. M. Kanoria


Mr. H.K. Khaitan


Mr. Amitav Kothari


Mr. Ravinder Nath


Mr. G. Parthasarathy


Prof. S.L. Rao


Mr. A. Vellayan


Mr. S.V. Kanoria

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CHAIRMAN'S STATEMENT

There is a new found confidence in India and the country's macroeconomic indicators are strong. The perceptions amongst the overseas investing community remain positive and strong. Foreign direct investment is flowing in. The Government is making serious attempts towards ease of doing business and inter-state competition amongst the states is helping this process.

Private investment, however, continues to remain sluggish. It seems that the impact of the unparalleled move of demonetisation of high currency notes is yet to completely wear off. The implementation of GST augurs well for the future, both in terms of simplifying tax regime as well as improving compliance. The short term impact, however, of both the demonetisation as well as the GST is likely to delay the revival in private investments. Inflation seems to be well under control and expected easing of monetary policy and fall in interest rates will further stimulate growth.

After the divestment of our Chlor Alkali business, the Company had diversified into electronic automotive components, textiles and renewable energy. The electronic automotive components business, headquartered in Switzerland, has shown continuous growth. During the year, there was remarkable turnaround in profitability and going forward, the business shows promise with a full order book for the next three years. The Company's strategy is to realign its focus on development of products, concentrating primarily on concept lighting. It is also embarking on its second phase expansion project at its production facilities in the Czech Republic.

The textiles business in Africa is suffering from the pangs of gestation. Production and quality have improved substantially, however in the absence of a yet to develop upstream garmenting industry, margins are under severe pressure and losses continue. Fresh investment in garmenting industry is happening in Ethiopia, however, it will take time for this effect to be felt.

With regard to our chemical business, technological upgradation of the production facilities at Ankleshwar is on the way and a single-stream Formaldehyde Plant replacing older plants will be commissioned by September this year. The focus at our Vishakhapatnam facilities is on value added products including phenolic resins. The Company is also looking at a third manufacturing location to cater to the demand of its existing customers who are expanding their capacities in that location.

In the renewable energy segment, Government policy on Renewable Purchase Obligation Scheme continues to be weakly implemented and there is inadequate enforcement of obligation to purchase Renewable Energy Certificates (RECs). Further, the prices of RECs were unilaterally reduced without commensurate adjustment in the number of RECs. This is being collectively contested through the Green Energy Association and the Indian Wind Power Association, the two concerned trade bodies in India and the matter is in the Supreme Court of India.

In the coming year, chemicals and automotive electronics businesses should continue to perform well, while the textiles business will continue to be under pressure. We are however, confident that the Company is in a strong position to leverage the positive sentiments in the Indian economy and its stable macroeconomic environment.

R. V Kanoria
Chairman & Managing Director

THE YEAR IN REVIEW

The year 2016-17 witnessed relatively flat economic growth and a weak impetus in industrial production. There was, however, a newfound confidence in corporate India as a result of government initiatives for improving the ease of doing business.

A significant reform that unfolded during the year was the rolling out of the Goods & Services Tax (GST). Indian business is adapting to this change. Once the initial hiccups are ironed out, a nationwide GST is not only expected to provide a homogenous Indian market, but also result in efficiencies in tax administration that should boost economic growth.

The other disruptive and bold action of the government during the year was the demonetisation of high denomination currency notes. The effects of this are yet to settle down and the extent of impact of this action on the economy has been difficult to measure. Private investment, which has remained sluggish, is expected to improve with better capacity utilization, the maturing of GST, restoration of cash in the system after demonetisation, and, in particular, expected fall in interest rates, now that inflation is under control.

The Company continued to build its strengths on the foundations of a constant vigil on costs, good governance, ethical business practices and sustainable policies.

The diversification initiatives of the Company are described in the subsequent section titled 'New Frontiers'.

MANAGEMENT DISCUSSION & ANALYSIS

Financial Performance with respect to Operational Performance

During the year under review, Revenue from Operations decreased marginally from Rs. 3,298 million to Rs. 3,274 million. The Profit before tax and exceptional items, however, grew by 23% from Rs. 223 million in the previous year to Rs. 275 million in the current financial year. The Company following conservative principles of accounting booked a loss of Rs. 184 million towards write down in the values of Solar Power RECs on the basis of notification issued by the Central Electricity Regulatory Commission reducing the floor price of RECs and the same has been shown as Exceptional Item in the Statement of Profit & Loss. After accounting for MAT Credit entitlement pertaining to earlier years, the Profit for the year grew by 10% from Rs. 170 million in the previous year to Rs. 187 million in the current year. The Total Comprehensive Income grew by 26% to Rs. 189 million as against Rs. 149 million in the previous year. The Earnings per Share for the year was Rs. 4.28.

At Consolidated level, Revenue of APAG Holding AG (APAG), the Switzerland based subsidiary of the Company engaged in Electronic Automotive increased by 35% from Rs. 2,682 million to Rs. 3,615 million. Kanoria Africa Textiles plc (KAT), the other major subsidiary of the Company also started commercial production during the year and had Revenue from Operations of Rs. 449 million. The total Consolidated Revenue from Operations grew by 23% to Rs. 7,337 million as against Rs. 5,979 million in the previous year. The Segment Result of APAG improved significantly from a loss of Rs. 213 million in the previous year to a Profit of Rs. 19 million in the current year. KAT incurred a loss of Rs. 276 million in its first year of operation and as a result the Company incurred a Consolidated Total Comprehensive Loss of Rs. 233 million (of this Rs. 144 million attributable to the Shareholders of the Company) as against Rs. 91 million (attributable to the Shareholders of the Company) in the previous year.

Alco Chemicals Segment

Industry structure and development

The Division of the Company produces Formaldehyde and other value added products, including Pentaerythritol, Hexamine, Sodium Formate, Acetaldehyde and Phenolic Resins.

The Company's Formaldehyde plants use the FORMOX process, a world class Formaldehyde manufacturing technology with lower operational cost and higher product purity compared to competitors. The Company is the only Indian manufacturer operating on this technology.

The Pentaerythritol and Hexamine manufacturing technologies have been developed in-house by the Company. Over many years, these have been (and continue to be) refined to compete globally on cost and quality.

For Phenolic Resins, the Company has entered into manufacturing and technology collaborations with Hexion Inc. - the global leader in thermoset resins, and ASK Chemicals – a global player in foundry solutions and resins. These collaborations have happened as a result of the Company's state-of-the-art resin production plant, and are enabling it to add specialized, high-value products to the manufacturing portfolio.

Opportunities

- Currently, the Company is only able to service Formaldehyde consumers in the West (from the Ankleshwar plant) and East (from the Vizag plant) of India. This is due to the high cost of transporting Formaldehyde, making it unviable beyond a radius of about 800km. The Company has an opportunity to supply to consumers in the South and North, by setting up new plants. Large new manufacturing capacities for wood products (big consumers of Formaldehyde), are scheduled to be operational in the next three years, in the South and North. This will substantially increase demand.
- Phenolic resins are used in a wide variety of applications, such as foundries, refractories, abrasives, adhesives, grinding tools, composites and more. There is great potential for developing high value resins through continuous research.
- Technology upgradation to increase production and reduce costs.

Threats

- Cheaper imports of Pentaerythritol or Hexamine could reduce margins.
- Rapid and drastic fluctuations in Methanol and Phenol prices could lead to fluctuating margins, and possibly have a negative overall impact on profitability due to inventory carrying risk.

Performance

The operations of the Alco Chemicals Division remained stable during the year. Production and sale of Formaldehyde improved over the previous year.

Outlook

- Higher growth in the manufacturing sector expected to improve demand for Alco Chemicals in the country.
- The Government's focus on infrastructure and affordable housing should result in increasing overall demand for Formaldehyde, Pentaerythritol, Hexamine and Phenolic resins.
- An ongoing shift in the wood products industry towards the organized sector, may result in greater demand for higher quality, higher concentration Formaldehyde that is cheaper to transport.
- No significant improvement in margins.

Solar Power Segment

Industry structure and development

The Company's Solar Power Division located at Village Bap in Jodhpur District in the state of Rajasthan is engaged in the generation of power from solar energy using Photo Voltaic (PV) technology. The project was set up under the Renewable Energy Certificate (REC) scheme.

Opportunities

- With the Government's ambitious targets for renewable energy generation, about 230 acres of unused land owned by the Company near an operational solar energy generation plant is a valuable asset.
- Easier revenue flow by enforcement of Renewable Purchase Obligation (RPO) scheme.

Threats

- Lack of enforcement of the Renewable Purchase Obligation scheme.
- Lack of visibility in the future of the Renewable Energy Certificate (REC) mechanism.

Performance

The operations of the Solar Power Division improved over the previous year. Choice of technology for the project resulted in the Division to be amongst projects with the highest performance ratio in the country.

Outlook

- The Division expects stable operations to continue.
- Expectation that the government will improve enforcement of the Renewable Purchase Obligation leading to better REC sales.

Quality Accreditation and OHSAS

During the year, both manufacturing units of the Company at Ankleshwar and Vishakhapatnam renewed the ISO 9001 certification for quality management systems, the ISO 14001 certification for environment management systems and practices, and OHSAS 18001 certification for organizational health and safety systems.

Safety and Environment

During 2016-17, the Company maintained its safety record and it remained an accident free year at all units.

Proactive practices in managing and protecting the environment ensured control on wastage and recycling resources.

Risks and Concerns

Currently, the Company perceives the following main business risks:

- Threat from cheap imports and dumping by other countries negatively impacts domestic prices and could reduce margins.

Solar Panels, Jodhpur

- Extreme volatility in prices of raw materials and other inputs could lead to fluctuating margins, and possibly have a negative overall impact on profitability on higher inventory carrying risk.
- Government's weak enforcement of the Renewable Purchase Obligation and the uncertainty on the future of the Renewable Energy Certificate (REC) mechanism.

Internal Control Systems and Adequacy

An adequate system of internal control is in place. The assets, buildings, plant and machinery, vehicles and stocks of the Company are insured, including for loss of profits.

The key elements of the control system are:

- Clear and well defined organisation structure and limits of financial authority.
- Corporate policies for financial reporting, accounting, information security, investment appraisal and corporate governance.
- Annual budgets and business plan, identifying key risks and opportunities.
- Internal audit for reviewing all aspects of laid down systems and procedures as well as risks and control.
- Risk Management Committee that monitors and reviews all risk and control issues.

Human Resource and Industrial Relations

KCI has consistently stressed on people development and the role played by its human resources in inculcating organisational excellence in the competitive and fast changing business environment. The Company adopts good HR practices to impart excellence, fairness and transparency in all its operations. Each employee is guided by a detailed Code of Conduct that helps the organisation to achieve its goals in an ethical manner. KCI regularly conducts training programmes for different levels of employees to ensure mapping of job requirement and skills base.

The industrial relations climate of the Company continues to remain harmonious and cordial with focus on improving productivity, quality and safety.

The number of persons permanently employed by the Company as at 31st March 2017 was 319.

Resin Plant, Vizag

Cautionary Statement

Statement in this 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

NEW FRONTIERS

Solar Panels, Jodhpur

RENEWABLE ENERGY

The Company's initiative in the standalone renewable energy generation began in the year 2012. The grid-interactive solar photovoltaic technology based power plant of the Company at Phalodi in Jodhpur district in the state of Rajasthan continued to operate with one of the highest performance ratios in the country. The total generation capacity of the plant is 5.0 MW. The plant is equipped with dual axis tracking system in 2.5 MW capacity, which ensures capture of maximum solar radiation by orienting the modules to face the sun at all times.

The renewable energy sector, however, continues to face policy implementation and procedural difficulties. The Renewable Purchase Obligation Scheme continues to be weakly implemented which has compelled the Company to write down the value of unsold Renewable Energy Certificates (RECs) in its books. The Government also reduced the prices of RECs without commensurate adjustment in the number of RECs held. This is being collectively contested by the renewable energy industry through the concerned trade bodies, the Green Energy Association and the Indian Wind Power Association. A case is pending in the Supreme Court of India challenging the order of the Central Electricity Regulatory Commission and trading of RECs remains suspended. Further growth in the sector will depend on government policy and judicious regulation.

TEXTILES

In terms of diversifying its product mix and reaching out to new geographies, the Company embarked on setting up an integrated denim manufacturing unit in Ethiopia, Africa. The composite plant staring with spinning and ending with processing and final production of fabric was inaugurated by the Honourable Prime Minister of the Federal Democratic Republic of Ethiopia in the year 2015.

The project is equipped with comprehensive waste treatment and management systems and non-polluting electric boilers, making it a zero effluent facility, and one of the first Green Denim plants in the world.

Fabric manufacturing at Kanoria Africa Textiles plc, Ethiopia

New SMT line

Setting up the Greenfield project was a challenging exercise as it was both a new geography and a new industry. The venture continues to be under pressure despite improved production and quality during the year.

Ethiopia has the potential to be a major garmenting exporter as a result of government initiatives. The industry, however, is yet to take off. World class garment export parks have been created and substantial investment is coming into the country for garmenting. The demand for denim fabrics, as well as margins on these fabrics, is expected to increase once these fabrics are converted to garments within Ethiopia. The country enjoys the provisions of African Growth & Opportunity Act (AGOA) wherein it has duty free access to both US as well as European markets.

AUTOMOTIVE & INDUSTRIAL ELECTRONICS

APAG Elektronik, a subsidiary company of Kanoria Chemicals & Industries Limited, is engaged in design, development and sale of electronic and mechatronic modules and control devices for the automotive, consumer goods, power tool electronics and building automation industries. The designing and engineering facility of the Company is located in Switzerland, and the manufacturing facility is located in the Czech Republic.

During the year, APAG Electronik witnessed the first returns from the investment in growth, the focus on quality, and strategic steps to remain in

APAG Office in Pardubice, Czech Republic

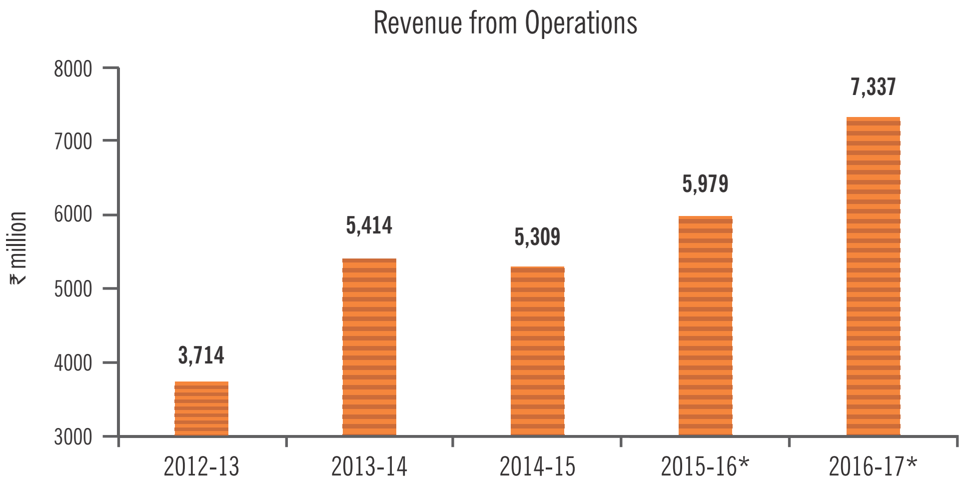
New Plant- Production Hall

line with trends in the automotive industry. Given the single source business model for all customer projects, APAG had strong sales driven by the performance of the European OEMs in the European and American markets for their higher-end vehicles. There is a usual gestation period of 1-3 years between when a contract is signed and sales begin.

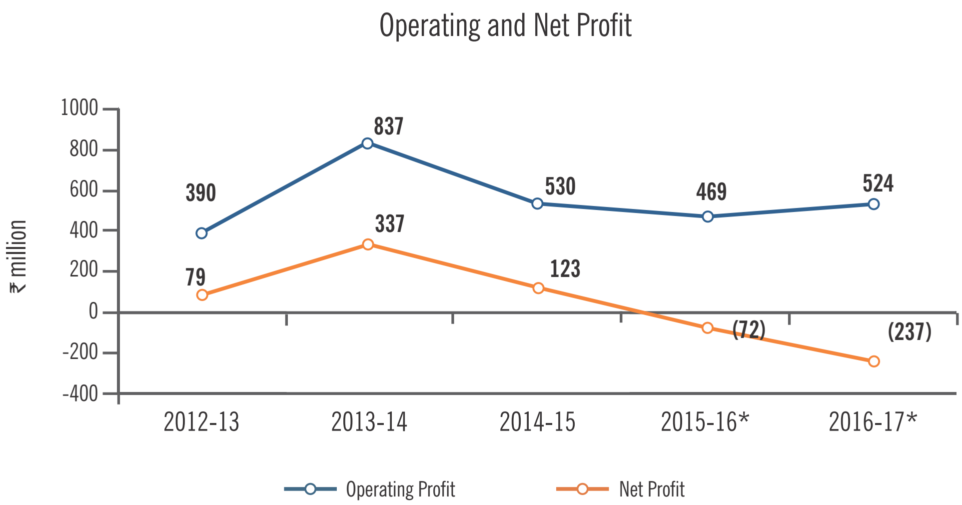
The year was also strong for such future sales. New customers were added and the range of brands expanded in which APAG components will ultimately be used. In addition to the German OEMs and their group brands (BMW, Rolls-Royce, Mini, Audi, Bentley, Lamborghini & Bugatti), APAG parts will soon be found in Alfa Romeo, Volvo, Cadillac, and Jaguar/Land Rover.

The multi-year budget now shows a 'booked' (based on single-source contracted projects) sales level of above CHF 50 million for each of the next three years. Additional sales efforts over the course of this and the following years are expected to grow this further. In preparation for this growth, APAG has initiated a project to build the second phase of the production facility in Czech Republic. The Company plans to strategically focus on the 'concept lighting' division of the business. This division has demonstrated a growth in share from about 20% to about 35% of sales and fits best with the capabilities and size of the operations. The products in this division function primarily as aesthetic enhancements. A long-term niche focus here will have value with potentially quick changes towards autonomous driving.

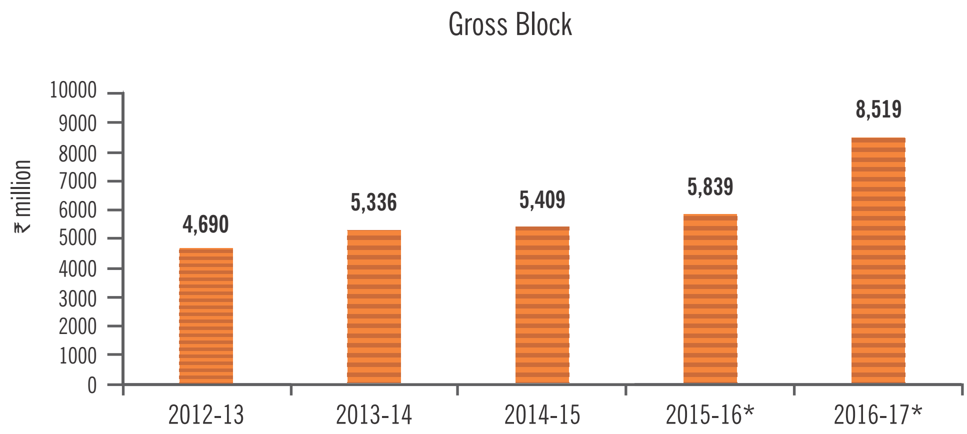
VALUE

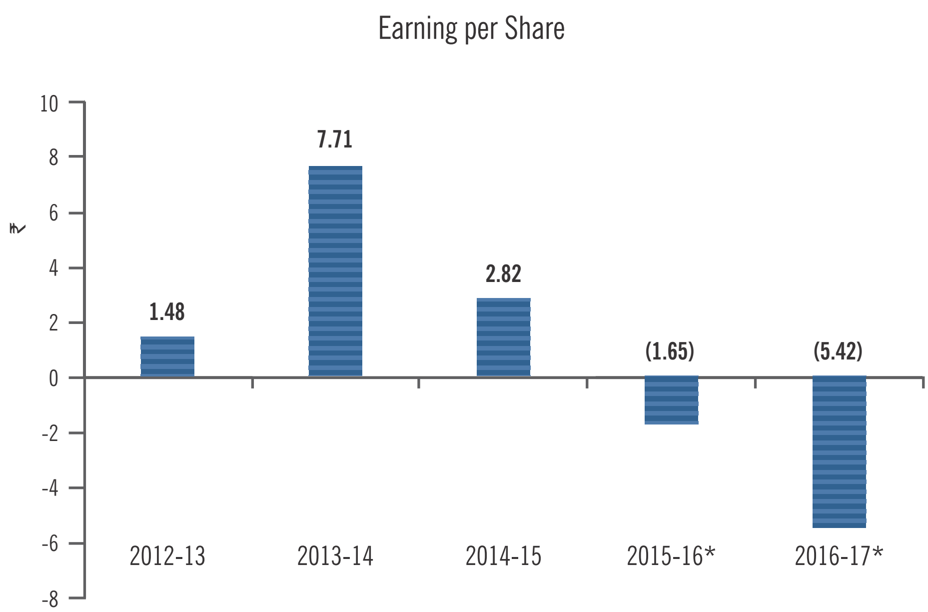


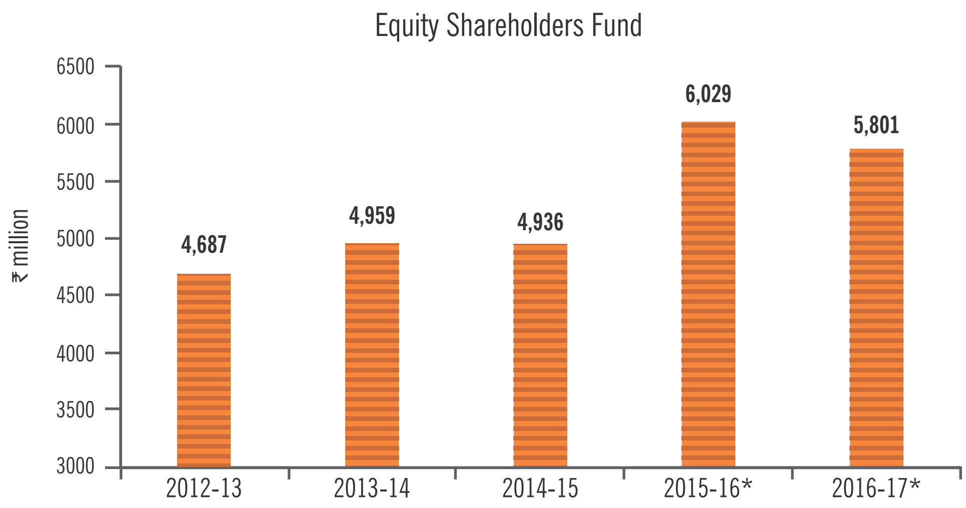
Revenue from Operations
₹ million
8000
7000
6000
5000
4000
3000
3,714
5,414
5,309
5,979
7,337
2012-13
2013-14
2014-15
2015-16*
2016-17*

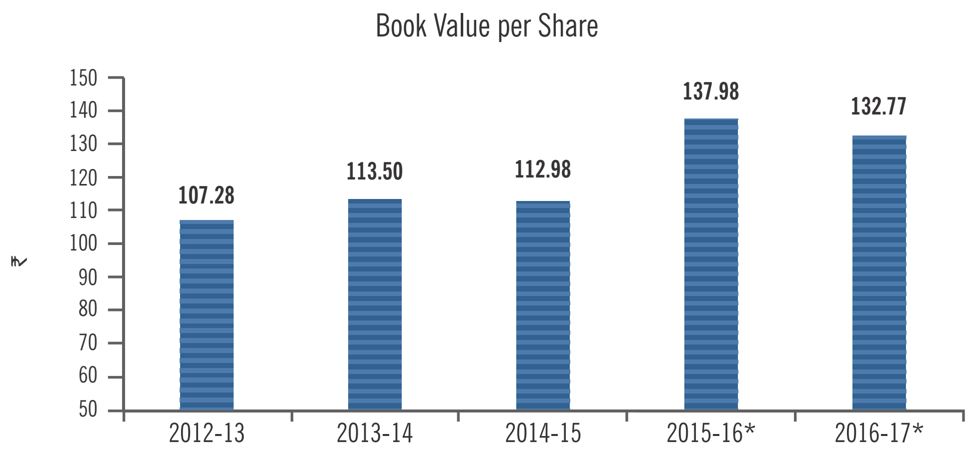


Operating and Net Profit
₹ million
1000
800
600
400
200
0
-200
-400
390
837
530
469
524
79
337
123
(72)
(237)
2012-13
2013-14
2014-15
2015-16*
2016-17*
Operating Profit
Net Profit


Gross Block
₹ million
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
4,690
5,336
5,409
5,839
8,519
2012-13
2013-14
2014-15
2015-16*
2016-17*


Earning per Share
₹
10
8
6
4
2
0
-2
-4
-6
-8
1.48
7.71
2.82
(1.65)
(5.42)
2012-13
2013-14
2014-15
2015-16*
2016-17*





Figures pertain to consolidated financials

** Figures for these years are as per new accounting standards (Ind AS) and Schedule III of Companies Act, 2013. Hence these numbers are not comparable with previous years.*

DIRECTOR'S REPORT

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting the fifty seventh Annual Report, along with the Audited Accounts of the Company for the financial year ended 31st March 2017.

Detailed information on the performance of your Company appears in the Annual Report. A discussion on the operations of the Company is given in the sections titled '*Year in Review*' and '*New Frontiers*'. Some of the statutory disclosures, however, appear in this Report. Read along with the other sections, this would provide a comprehensive overview of the Company's performance and plans.

FINANCIAL RESULTS

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

(₹ in million)

Particulars	2016-2017	2015-2016
Total Income	**3,500.41**	**3,508.83**
Profit before Depreciation, Finance Cost, Tax and Exceptional items	512.15	540.90
Depreciation and Amortisation expenses	204.32	210.08
Finance Costs	32.67	107.55
Exceptional items	184.17	–
Profit before Tax	**90.99**	**223.27**
Tax expenses	96.21	(53.39)
Profit for the year	**187.20**	**169.88**
Other Comprehensive income for the year, net of tax	1.49	(20.60)
Total Comprehensive income for the year	188.69	149.28

OVERVIEW

Ongoing technological upgradation in the Formaldehyde plant at Ankleshwar and a focus on value added products in Vishakhapatnam are expected to improve the performance of the chemicals business of the Company. During the year under review, however, sluggish market conditions coupled with high volatility in raw material prices kept margins under pressure in the division.

In the solar power segment, generation continues to be good. The Government, however, has changed the pricing of Renewable Energy Certificates (RECs) which has compelled the Company to write down the value of unsold RECs in its books. A case is pending in the Supreme Court of India challenging the order of the Central Electricity Regulatory Commission. In the meantime, trading of RECs remains suspended.

A brief description of the operations of the subsidiaries of the Company appears later in this report.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the close of the financial year 2016-17 till the date of this Report, which affect the financial position of the Company.

DIVIDEND

The Board of Directors recommends, for consideration of the shareholders at the Annual General Meeting, a Dividend @ 30% (Rs. 1.50 per share) on Equity Shares of Rs. 5/- each for the financial year ended 31st March 2017.

CREDIT RATINGS

Credit Analysis & Research Limited (CARE) has revised the credit rating for the long-term bank facilities of the Company to CARE A+ (Single A Plus) from the existing rating of CARE AA- (Double A Minus).

CARE has reaffirmed the existing CARE A1+ (A One Plus) ratings for the short-term bank facilities and Commercial Paper.

CONSOLIDATED FINANCIAL STATEMENT

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and provisions of the Companies Act, 2013, the audited Consolidated Financial Statement for the year ended 31st March 2017 has been annexed with the Annual Report.

DEPOSITS

During the year under review, the Company has not accepted any deposits from the public and that as at the end of the year there were no outstanding deposits under Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

INTERNAL FINANCIAL CONTROL

The Company has in place adequate internal financial controls with respect to financial statements. The policies and procedures adopted by the Company ensure prevention and detection of frauds and errors, accuracy and completeness of the records and timely preparation of reliable financial statements. No reportable material weakness in the design or operation was observed during the year.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, at the 56th AGM of the Company, the shareholders approved the appointment of Shri S. V. Kanoria (DIN: 02097441) as a Director with effect from 1st April 2016 and also as a Wholetime Director of the Company for a period of three years with effect from that date.

Smt. Madhuvanti Kanoria (DIN: 00142146) retires by rotation at the ensuing AGM, under the applicable provisions of the Companies Act, 2013, and being eligible, offers herself for appointment as a Director of the Company.

None of the Directors of the Company is disqualified for being appointed as a Director, as specified in Section 164(2) of the Companies Act, 2013.

Additional information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") in respect of Director seeking re-appointment is given in the AGM Notice of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company, confirming that they meet the criteria of independence, as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

PERFORMANCE EVALUATION

The Company has framed the criteria for performance evaluation of Independent Directors, the Board, the Board Committees and other individual Directors. Criteria for performance evaluation of the Chairman & Managing Director, Executive Director and Non-Independent Director have also been framed.

The criteria for performance evaluation of Directors among others includes factors such as preparation, participation, engagement, personality and conduct, value addition, strategic planning and vision, team spirit and consensus building, leadership quality, understanding and focus on key business issues, independent thinking and judgment, quality of analysis, experience and business wisdom, management qualities, awareness, motivation, integrity, ethics and receptivity. The criteria for evaluating the Board's functioning/effectiveness inter alia includes its structure, strategic review, business performance review, internal controls, process and procedures.

On the basis of the criteria framed, a process was followed by the Board for evaluating the performance of individual Directors, its own performance and its Committees. The Nomination and Remuneration Committee also evaluated the performance of every individual Director. The Independent Directors in their separate Meeting also carried out the performance evaluation of the Chairman & Managing Director, Executive Director and other non-independent Director as well as the Board of the Company. The Directors expressed overall satisfaction on the performance and functioning of the Board, its Committees and the Directors.

FAMILIARISATION PROGRAMMES

The details of programmes to familiarise the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model/procedures/processes of the Company, etc. through various programmes are put on the website of the Company and can be accessed at the link: http://www.kanoriachem.com/images/FamPro.pdf.

NUMBER OF MEETINGS OF BOARD OF DIRECTORS

During the Financial Year 2016-17, the Company held four Meetings of the Board of Directors. The details of the Meetings and attendance of each of the Directors thereat are provided in the Report on Corporate Governance forming part of the Annual Report. The maximum gap between any two consecutive Board Meetings did not exceed 120 days.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Shri Amitav Kothari, Shri H. K. Khaitan and Prof. S. L. Rao, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee of the Company comprises of Shri H. K. Khaitan and Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholetime Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises of Prof. S. L. Rao, Shri H. K. Khaitan, Shri Ravinder Nath and Shri G. Parthasarathy, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Prof. S. L. Rao is the Chairman of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors' independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees, and the same may be accessed at the Company's website at the link: http://www.kanoriachem.com/images/NomRemPol.pdf.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company comprises of Smt. Madhuvanti Kanoria, Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director. Smt. Madhuvanti Kanoria is the Chairperson of the Committee. The terms of reference of the Committee have been provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company acts as a good Corporate Citizen and as its philosophy always strive to conduct its business in inclusive, sustainable, socially responsible, ethical manner and to continuously work towards improving quality of life of the communities. The Company has in place a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company. The Corporate Social Responsibility Policy of the Company enables it to continue to make responsible contribution towards welfare of the society.

Initially, the Company has identified the following focus areas of engagement:

- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens.

The Company may also undertake other need based initiatives in compliance with Schedule VII to the Companies Act, 2013.

The CSR Policy may be accessed on the Company's website at the link: http://www.kanoriachem.com/images/CSRPol.pdf.

During the year, the Company has spent Rs. 2.31 million on the CSR activities.

The Annual Report on the CSR activities, pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is provided as Annexure to this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is a part of the Annual Report.

SUBSIDIARIES

APAG Holding AG ("APAG"), Switzerland and Pipri Limited are the wholly owned subsidiaries of the Company. Kanoria Africa Textiles Plc, Ethiopia is a subsidiary of the Company. During the year, APAG formed APAG Elektronik S. De R.L. De C.V., Mexico and APAG Services S. De R.L. De C.V., Mexico with its 100% shareholding. APAG Elektronik AG, APAG Elektronik s.r.o, CoSyst Control Systems GmbH, APAG Elektronik LLC, APAG Elektronik S. De R.L. De C.V. and APAG Services S. De R.L. De C.V., the wholly owned subsidiaries of APAG Holding AG, are the step-down subsidiaries of the Company.

The Electronic Automotive segment, operating under the APAG group, has shown healthy growth in profitability. During the year, the business demonstrated its first returns from investments made in growth, in focus on quality and in strategic steps to remain in line with trends in the automotive industry. Given the single source business model for all customer projects, this business had strong sales driven by the performance of the European OEMs in the European and American markets for their higher-end vehicles. The order books are full for the next three years. There is a usual gestation period of 1-3 years between when a contract is signed and sales begin. The year was also strong for such future sales. New customers were added and apart from its existing customers, BMW, Rolls-Royce, Mini, Audi, Bentley, Lamborghini & Bugatti, the components manufactured by this business will soon be found in Alfa Romeo, Volvo, Cadillac, and Jaguar/Land Rover. In preparation for this growth, the project to build second phase of production facilities in the Czech Republic is under way. The plan is to focus on "concept lighting" division of the business. This is a long term niche focus that will have value even with potentially quick changes happening towards autonomous driving.

Kanoria Africa Textiles plc continued to be under severe pressure and despite improved production and quality, continued to make significant losses. Though Ethiopia promises to be a major garmenting exporter as a result of the initiatives of the Government of Ethiopia, this industry is yet to take off. World class garment export parks have been created and substantial investment is coming into the country for garmenting. The demand for denim fabrics produced by Kanoria Africa Textiles plc, as well as margins on these fabrics, is expected to increase once these fabrics are converted to garments within Ethiopia itself. Ethiopia enjoys the provisions of African Growth & Opportunity Act (AGOA) wherein it has duty free access to both US as well as European markets. It is expected that Kanoria Africa Textiles plc will continue to make losses also during the year 2017-18.

A report on the performance and financial position of the subsidiaries of the Company, as per the Companies Act, 2013, is provided in the Annual Report and hence, the same is not repeated here for the sake of brevity.

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the link: http://www.kanoriachem.com/images/MatSub.pdf.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Details of loans given, investments made, guarantees given and securities provided as covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Note Nos. 31 and 35 of the Standalone Financial Statements.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis. None of the transactions with any of the related parties were in conflict with the Company's interest. The Company had not entered into any transaction with related parties during the year which could be considered material, in terms of materiality threshold for the related party transactions.

The Policy on Related Party Transactions as approved by the Board may be accessed on the Company's website at the link: http://www.kanoriachem.com/images/RelPar.pdf.

VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. In compliance with the provisions of Section 177(9) of the Companies Act, 2013 and the Listing Regulations, 2015, the Company has in place a Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct. The reportable matters may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. During the year under review, no employee was denied access to the Audit Committee.

The Whistle Blower Policy may be accessed on the Company's website at the link: http://www.kanoriachem.com/images/WhiBlo.pdf.

CORPORATE GOVERNANCE

The Company adheres to good governance practices. Corporate Governance at KCI extends to all stakeholders and is embodied in every business decision. The Company places prime importance on reliable financial information, integrity, transparency, empowerment and compliance with the law in letter and spirit. While Management Discussion and Analysis Report that is an annexure to the Directors' Report, appears in the Section titled Year in Review in the Annual Report, the Corporate Governance Report and the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance are annexed hereto and form a part of the Directors' Report.

There is a conscious effort to ensure that the values enshrined in the Codes of Conduct for the Directors and Senior Management Personnel and the Employees respectively, are followed in true spirit across all levels of the Company.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return of the Company as on the financial year ended 31st March 2017 is given in Form no. MGT- 9 as an Annexure to this Report.

AUDITORS AND AUDITORS' REPORT

As per the provisions of Section 139 of the Companies Act, 2013, the term of M/s. Singhi & Company, Chartered Accountants, the current Statutory Auditors of the Company, will end at the conclusion of the ensuing 57th Annual General Meeting of the Company.

The Board of Directors of the Company at its Meeting held on 30th May 2017, on the recommendation of the Audit Committee, has made its recommendation for the appointment of M/s. Jitendra K Agarwal & Associates, Chartered Accountants (Firm Registration No. 318086E), as the Statutory Auditors of the Company at the ensuing 57th Annual General Meeting ("AGM"), to hold office as such for a term of 5 years commencing from the conclusion of the 57th AGM till the conclusion of the 62nd AGM. M/s. Jitendra K Agarwal & Associates have consented and confirmed their eligibility for appointment as the Auditors of the Company.

The Auditors' Report given by M/s. Singhi & Co. does not contain any qualification, reservation, adverse remark or disclaimer.

FRAUD REPORTING

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Companies Act, 2013, therefore no detail is required to be disclosed under Section 134 (3) (ca) of the Act.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013, the Board has, on the recommendation of the Audit Committee, approved the appointment of M/s N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), Ahmedabad, as the Cost Auditors for conducting the audit of the cost records of the Company for the financial year ending on 31st March 2018, at a remuneration of Rs. 1,45,000/- (Rupees One Lakh Forty Five Thousand only) plus applicable taxes and reimbursement of travelling and out of pocket expenses to be incurred in the course of cost audit.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s Vinod Kothari & Co., Practising Company Secretaries (UIN: P1996WB042300), to conduct Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year 2016-17 is provided as an Annexure to this Report. The Report does not contain any qualification, reservation, adverse remark or disclaimer.

RISK MANAGEMENT

The Company's management systems, organizational structures, processes, codes of conduct together form the basis of risk management system that governs and manages associated risks.The Risk Management Committee of the Company assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimise identified risks and designs appropriate risk management procedures.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

As required under Section 134 of the Companies Act, 2013 and the rules framed thereunder, the statement containing necessary information in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo is provided in the Annexure to this Report.

EMPLOYEES INFORMATION AND RELATED DISCLOSURES

As required under Section 197(12) of the Companies Act, 2013 read with the Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, disclosures of remuneration and other details/particulars of the Directors and employees of the Company are provided in the Annexure to this Report.

SAFETY AND ENVIRONMENT

The Company is committed to sustainable development and a safe workplace. Its approach to environment management is guided by the principle of provision of safe working environment through continuous up-gradation of technologies, prevention of pollution and conservation of resources and recycling waste.

As a result of its sustained compliance to Health, Safety, Environment and Quality standards, the Company's Alco Chemical Divisions at Ankleshwar and Vishakhapatnam are ISO 9001, 14001 and OHSAS 18001 certified.

The Company has a documented Health & Safety Policy that is displayed and communicated to all employees at plant locations. With the view to achieve a 'Zero Accidents' status, the Company has developed health and safety procedures as well as safety targets and objectives.

The Company also lays thrust on renewable energy sources and solar energy.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Company's human resource development is founded on a strong set of values. The policies seek to instil spirit of trust, transparency and dignity among all employees. The Company continues to provide ongoing training to its employees at different levels.

Industrial relations with the employees and workers across all locations of the Company continued to be cordial during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013:

a) that in the preparation of the annual financial statements for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) that the annual financial statements have been prepared on a going concern basis;

e) that proper internal financial controls to be followed by the Company have been laid down and that the financial controls are adequate and are operating effectively; and

f) that proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

During the year under review, no case was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the commitment and dedication of the employees for their untiring personal efforts as well as their collective contributions at all levels that have led to the growth and success of the Company. The Directors would like to thank other stakeholders including lenders and business associates who have continued to provide support and encouragement.

For and on behalf of the Board

Registered Office
'Park Plaza'
71, Park Street
Kolkata 700 016
Date: 30th May 2017

R. V. Kanoria
Chairman & Managing Director
DIN:00003792

ANNEXURE TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1.	A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Please refer to the Section on Corporate Social Responsibility in the Board's Report.
2.	The Composition of the CSR Committee.	Please refer to the Corporate Governance Report for the composition of the Corporate Social Responsibility Committee.
3.	Average net profit of the Company for last three financial years	Rs. 115.07 million.
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 2.31 million
5.	Details of CSR spent during the financial year.	
	(a) Total amount to be spent for the financial year;	Rs. 2.31 million.
	(b) Amount unspent, if any;	NIL.
	(c) Manner in which the amount spent during the financial year	Details are given below.

1	2	3	4	5	6	7	8
Sl. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programs. (2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1)	Vocational Training to Students	Promotion of Education - Employment enhancing Skills	1) Local Area 2) VGTK, Sewa Rural, Jhagadia Dist: Bharuch, Gujarat	Rs.0.02 Million	Direct Expenditure Rs.0.02 Million	Rs.0.02 Million	Direct
2)	Skill Development of Youth in Rural/Tribal area.	Promotion of Education	1) Local Area 2) VGTK, Sewa Rural, Jhagadia Dist: Bharuch, Gujarat	Rs.0.20 Million	Direct Expenditure Rs.0.20 Million	Rs.0.20 Million	Through implementing agency
3)	Setting Up Computer Lab, Providing Projector and Improvement of facilities	Promotion of Education	1) Other 2) Madhav Vidyapeeth, Kakadkui, Dist: Narmada Gujarat	Rs.0.77 Million	Direct Expenditure Rs.0.77 Million	Rs.0.77 Million	Direct
4)	Setting Up Tailoring Training Centre	Empowering Women through employment enhancing Skill Training	1) Other 2) Madhav Vidyapeeth, Kakadkui, Dist: Narmada Gujarat	Rs.0.41 Million	Direct Expenditure Rs.0.41 Million	Rs.0.41 Million	Direct
5)	Rural Medical Camp Contribution	Preventive Health Care in Tribal/Rural Area	(1) Local Area (2) Katpor, Tal: Hansot, Dist: Bharuch Gujarat	Rs.0.05 Million	Direct Expenditure Rs.0.05 Million	Rs.0.05 Million	Through implementing agencies

1	2	3	4	5	6	7	8
Sl. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other Specify the State and District where projects or programs were undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programs. Overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
6)	Providing Quality Education in Rural School	Promotion of Education	1) Local Area Visakhapatnam 2) Parvada Mandal Visakhapatnam Andhra Pradesh	Rs.0.86 Million	Direct Expenditure Rs.0.86 Million	Rs.0.86 Million	Through implementing agency
	Grand Total			**Rs. 2.31 Million**	**Rs. 2.31 Million**	**Rs. 2.31 Million**	

6. Details of implementing agencies	In addition to CSR activities undertaken directly by the Company, it has also implemented CSR projects through NGOs/Association such as Sewa Rural, Jhagadia, Ankleshwar, Lions Club of Ankleshwar, Ankleshwar Industries Association and M. V. Foundation, Secunderabad, Telangana.
7. In case the Company has failed to spend the 2% of the average net profit of the last three years or any part thereof, the Company shall provide reasons for not spending the amount in the Board Report.	NA
8. Responsibility Statement of the CSR Committee that the implementation and monitoring of Corporate Social Responsibility Policy is in compliance with CSR objectives and Policy of the Company.	The CSR Committee confirms that the implementation and monitoring of Corporate Social Responsibility Policy, is in compliance with CSR objectives and Policy of the Company.

Registered Office
'Park Plaza'
71, Park Street
Kolkata 700 016
Date: 30th May 2017

Madhuvanti Kanoria
Chairperson, CSR Committee
DIN:00142146

R. V. Kanoria
Chairman & Managing Director
DIN:0003792

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MGT-9 | EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2017

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

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	L24110WB1960PLC024910
(ii)	Registration Date	17.12.1960
(iii)	Name of the Company	KANORIA CHEMICALS AND INDUSTRIES LIMITED
(iv)	Category / Sub-Category of the Company	PUBLIC LIMITED COMPANY/LIMITED BY SHARES
(v)	Address of the Registered office and contact details	“PARK PLAZA”, SOUTH BLOCK ,7TH FLOOR 71, PARK STREET, KOLKATA -700016 PHONE : (033) 4031 3200, FAX : (033) 4031 3220
(vi)	Whether listed company (Yes / No)	YES
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	C B MANAGEMENT SERVICES PVT LTD P-22, BONDEL ROAD, KOLKATA - 700019 PHONE : (033) 40116700 / 2280 6692 (3 lines), FAX : (033) 40116739

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company are stated below:-

Sl. No.	Name and Description of main products/Services	NIC Code of the Product/Service	% to total turnover of the Company
1	Formaldehyde 37%	20119	43.07
2	Pentaerithritol	20119	29.09
3	Hexamine	20119	13.56

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Vardhan Limited KCI Plaza,7th Floor 23C Ashutosh Chowdhury Avenue Kolkata- 700 019	U14293WB1947PLC015833	Holding	59.81%	2(46)
2	Pipri Limited Park Plaza,South Block 71 Park Street Kolkata-700 016	U67120WB1977PLC031082	Subsidiary	100%	2(87)
3	APAG Holding AG Lindenstrasse 26, CH-8008 Zurich Switzerland		Foreign Subsidiary	100%	2(87)
4	APAG Elektronik AG Ringstrasse 14 8600 Dübendorf Switzerland		Wholly owned subsidiary of APAG Holding AG	-	2(87)
5	APAG Elektronik s.r.o. U Panasonic 396 530 06 Pardubice Czech Republic		Wholly owned subsidiary of APAG Holding AG	-	2(87)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
6	CoSyst Control Systems GmbH Martin-Albert, Str. 1, 90491 Nürnberg, Germany		Wholly owned subsidiary of APAG Holding AG	-	2(87)
7	APAG Elektronik LLC 2675 Bellingham Dr., Troy, MI 48083, United States		Wholly owned subsidiary of APAG Holding AG	-	2(87)
8	APAG Elektronik S. de R.L. de C.V. Calle Ecuaador No.4, Col. Lomas de Queretaro 76190 Queretaro, QRO, Mexico		Wholly owned subsidiary of APAG Holding AG	-	2(87)
9	APAG Services S. de R.L. de C.V. Calle Ecuaador No.4, Col. Lomas de Queretaro 76190 Queretaro, QRO, Mexico		Wholly owned subsidiary of APAG Holding AG	-	2(87)
10	Kanoria Africa Textiles PLC Kirkos Sub City, Woreda 09, House No. 687, Amanelwa Building, Room No. 403, Wello Sefer, Addis Ababa, Ethiopia		Foreign Subsidiary	78.68%	2(87)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) INDIAN									
(a) Individual / HUF	1,585,386	0	1,585,386	3.63	1,585,386	0	1,585,386	3.63	0.00
(b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bodies Corporate	30,498,899	0	30,498,899	69.81	30,498,899	0	30,498,899	69.81	0.00
(e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
(f) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1)	**32,084,285**	**0**	**32,084,285**	**73.44**	**32,084,285**	**0**	**32,084,285**	**73.44**	**0.00**
(2) FOREIGN									
(a) NRIs – Individuals	434,739	0	434,739	0.99	434,739	0	434,739	0.99	0.00
(b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Bank / FI	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2)	**434,739**	**0**	**434,739**	**0.99**	**434,739**	**0**	**434,739**	**0.99**	**0.00**
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)	**32,519,024**	**0**	**32,519,024**	**74.43**	**32,519,024**	**0**	**32,519,024**	**74.43**	**0.00**
B. PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds	2,100	28,500	30,600	0.07	2,100	28,500	30,600	0.07	0.00
(b) Banks / FI	78,003	1,125	79,128	0.18	63,149	1,125	64,274	0.15	(0.03)
(c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
(d) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f) Insurance Companies	2,000	0	2,000	0.00	2,000	0	2,000	0.00	0.00
(g) FIIs	0	18,300	18,300	0.04	0	18,300	18,300	0.04	0.00
(h) Foreign Venture Capital funds	0	0	0	0.00	0	0	0	0.00	0.00
(I) Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B) (1)	**82,103**	**47,925**	**130,028**	**0.29**	**67,249**	**47,925**	**115,174**	0.26	(0.03)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2016)				No. of Shares held at the end of the year (As on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) NON - INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	1,633,597	37,278	1,670,875	3.82	1,805,718	37,278	1,842,996	4.22	0.40
(ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
(b) Individuals									
(i) Individual shareholders holding nominal capital upto Rs. 1 lakh	6,838,596	455,977	7,294,573	16.70	7,072,304	435,528	7,507,832	17.18	0.48
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1,145,542	30,000	1,175,542	2.69	746,039	30,000	776,039	1.78	(0.91)
(c) Any Other (Specify)									
NRI	412,323	21,945	434,268	0.99	551,541	21,945	573,486	1.31	0.32
Clearing Members	156,993	0	156,993	0.36	56,970	0	56,970	0.13	(0.23)
Trust	177,073	0	177,073	0.41	169,879	0	169,879	0.39	(0.02)
Other Directors & Relatives	18,328	1	18,329	0.04	15,304	1	15,305	0.03	(0.01)
Unclaimed Suspense A/c	116,628	0	116,628	0.27	116,628	0	116,628	0.27	0.00
Sub-total (B) (2)	**10,499,080**	**545,201**	**11,044,281**	**25.28**	**10,534,383**	**524,752**	**11,059,135**	**25.31**	**0.03**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**10,581,183**	**593,126**	**11,174,309**	**25.57**	**10,601,632**	**572,677**	**11,174,309**	**25.57**	0.00
C. Shares held by Custodians for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)	**43,100,207**	**593,126**	**43,693,333**	**100.00**	**43,120,656**	**572,677**	**43,693,333**	**100.00**	**0.00**

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2016)			Shareholding at the end of the year (As on 31.03.2017)			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Vardhan Limited	26,133,872	59.81	0.00	26,133,872	59.81	0.00	0.00
2	Kirtivardhan Finvest Services Ltd	1,154,907	2.64	0.00	1,154,907	2.64	0.00	0.00
3	R V Investment & Dealers Ltd	3,210,120	7.35	0.00	3,210,120	7.35	0.00	0.00
4	Rajya Vardhan Kanoria	434,985	1.00	0.00	461,481	1.06	0.00	0.06
5	Shyam Sundar Kanoria	15,000	0.03	0.00	0	0.00	0.00	(0.03)
6	Shyam Sundar Kanoria	11,496	0.03	0.00	0	0.00	0.00	(0.03)
7	Saumya Vardhan Kanoria	556,440	1.27	0.00	556,440	1.27	0.00	0.00
8	Anand Vardhan Kanoria	434,739	0.99	0.00	434,739	0.99	0.00	0.00
9	Sheela Devi Kanoria	12,144	0.03	0.00	12,144	0.03	0.00	0.00
10	Madhuvanti Kanoria	498,321	1.14	0.00	498,321	1.14	0.00	0.00
11	Anjana Somany	27,000	0.06	0.00	27,000	0.06	0.00	0.00
12	Abhishek Somany	30,000	0.07	0.00	30,000	0.07	0.00	0.00
	Total	**32,519,024**	**74.43**	**0.00**	**32,519,024**	**74.43**	**0.00**	**0.00**

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year (As on 01.04.2016)		Cumulative Shareholding during the year (As on 31.03.2017)	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	At the beginning of the year	32519024	74.43		
	Date wise increase / decrease in Promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No change during the year			
	At the end of the year	32519024	74.43	32519024	74.43

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

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01.04. 2016)/end of the year (31.03.2017)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
1	SARVESH BUBNA TRUST	174,995	0.40	01.04.2016				
				09.09.2016	-238	Transfer	174,757	0.40
				07.10.2016	-5,000	Transfer	169,757	0.39
		169,757	0.39	31.03.2017			169,757	0.39
2	BHILWARA HOLDINGS LIMITED	186,000	0.43	01.04.2016		NIL movement during the year		
		186,000	0.43	31.03.2017			186,000	0.43
3	F L DADABHOY**	207,000	0.47	01.04.2016				
				27.05.2016	-6,900	Transfer	200,100	0.46
				03.06.2016	-35,100	Transfer	165,000	0.38
				10.06.2016	-6,000	Transfer	159,000	0.36
				17.06.2016	-15,000	Transfer	144,000	0.33
				24.06.2016	-12,000	Transfer	132,000	0.30
				30.06.2016	-36,000	Transfer	96,000	0.22
				08.07.2016	-27,000	Transfer	69,000	0.16
				15.07.2016	-21,000	Transfer	48,000	0.11
				22.07.2016	-9,000	Transfer	39,000	0.09
				05.08.2016	-21,500	Transfer	17,500	0.04
				05.08.2016	-17,500	Transfer	0	0.00
		0	0.00	31.03.2017			0	0.00
4	PRABHALA SRINIVAS	134,400	0.31	01.04.2016		NIL movement during the year		
		134,400	0.31	31.03.2017			134,400	0.31
5	KIRIT R MEHTA**	103,596	0.24	01.04.2016				
				01.07.2016	-103,596	Transfer	0	0.00
		0	0.00	31.03.2017			0	0.00
6	EQUITY INTELLIGENCE INDIA PRIVATE LIMITED	100,000	0.23	01.04.2016				
				06.01.2017	-50,000	Transfer	50,000	0.11
		50,000	0.11	31.03.2017			50,000	0.11
7	BEENA KAPOOR**	57,208	0.13	01.04.2016				
				17.06.2016	-4,500	Transfer	52,708	0.12
				24.06.2016	-6,000	Transfer	46,708	0.11
				29.07.2016	-2,500	Transfer	44,208	0.10
				25.08.2016	-13,191	Transfer	31,017	0.07
				30.09.2016	-31,017	Transfer	0	0.00
		0	0.00	31.03.2017			0	0.00

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01.04. 2016)/end of the year (31.03.2017)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
8	Mahima Stocks Private Limited**	200,000	0.46	01.04.2016				
				16.12.2016	50,253	Transfer	250,253	0.57
				13.01.2017	49,747	Transfer	300,000	0.69
				20.01.2017	50,000	Transfer	350,000	0.80
				27.01.2017	-350,000	Transfer	0	0.00
		0	0.00	31.03.2017			0	0.00
9	M Prasad & Co. Limited**	174,520	0.40	01.04.2016				
				07.10.2016	-10,000	Transfer	164,520	0.38
				14.10.2016	-5,000	Transfer	159,520	0.37
				28.10.2016	-5,000	Transfer	154,520	0.35
				10.03.2017	-154,520	Transfer	0	0.00
		0	0.00	31.03.2017			0	0.00
10	Prestige Traders Private Limited	58,500	0.13	01.04.2016		NIL movement		
		58,500	0.13	31.03.2017		during the year	58,500	0.13
11	Chartered Finance & Leasing Limited*	0	0.00	01.04.2016				
				03.02.2017	350,000	Transfer	350,000	0.80
		350,000	0.80	31.03.2017			350,000	0.80
12	Monet Securities Private Limited*	0	0.00	01.04.2016				
				15.04.2016	3,018	Transfer	3,018	0.01
				09.09.2016	-2,780	Transfer	238	0.00
				24.03.2017	154,520	Transfer	154,758	0.35
		154,758	0.35	31.03.2017			154,758	0.35
13	Panna Kirit Mehta*	0	0.00	01.04.2016				
				08.07.2016	103,596	Transfer	103,596	0.24
		103,596	0.24	31.03.2017			103,596	0.24
14	Seya Scaria*	0	0.00	01.04.2016				
				29.04.2016	2,000	Transfer	2,000	0.00
				06.05.2016	2,000	Transfer	4,000	0.01
				20.05.2016	6,500	Transfer	10,500	0.02
				27.05.2016	4,000	Transfer	14,500	0.03
				10.06.2016	8,000	Transfer	22,500	0.05
				17.06.2016	5,000	Transfer	27,500	0.06
				24.06.2016	5,000	Transfer	32,500	0.07
				05.08.2016	2,642	Transfer	35,142	0.08
				25.08.2016	4,858	Transfer	40,000	0.09
				02.09.2016	2,000	Transfer	42,000	0.10
				09.09.2016	3,000	Transfer	45,000	0.10
				16.09.2016	3,741	Transfer	48,741	0.11
				07.10.2016	1,000	Transfer	49,741	0.11
				25.11.2016	2,500	Transfer	52,241	0.12
				02.12.2016	3,259	Transfer	55,500	0.13
				09.12.2016	4,979	Transfer	60,479	0.14
				30.12.2016	5,021	Transfer	65,500	0.15
		65,500	0.15	31.03.2017			65,500	0.15
15	Atam Kumar*	50,426	0.12	01.04.2016		NIL movement		
		50,426	0.12	31.03.2017		during the year	50,426	0.12

** Not in the list of Top 10 shareholders as on 1.4.2016. The same has been shown above since the shareholder was one of the Top 10 shareholders as on 31.3.2017.*

*** Ceased to be in the list of Top 10 shareholders as on 31.3.2017. The same has been shown above since the shareholder was one of the Top 10 shareholders as on 1.4.2016.*

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2016 to 31.03.2017)	
		No. of Shares at the beginning (01.04. 2016)/end of the year (31.03.2017)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
A) DIRECTORS								
1	R V KANORIA	434,985 461,481	1.00 1.06	01.04.2016 09.12.2016 31.03.2017	26,496	Transfer	461,481 461,481	1.06 1.06
2	AMITAV KOTHARI	4 4	0.00 0.00	01.04.2016 31.03.2017	0	NIL movement during the year	4	0.00
3	H K KHAITAN	100 100	0.00 0.00	01.04.2016 31.03.2017	0	NIL movement during the year	100	0.00
4	A VELLAYAN	15,000 15,000	0.03 0.03	01.04.2016 31.03.2017	0	NIL movement during the year	15,000	0.03
5	RAVINDER NATH	100 100	0.00 0.00	01.04.2016 31.03.2017	0	NIL movement during the year	100	0.00
6	S L RAO	100 100	0.00 0.00	01.04.2016 31.03.2017	0	NIL movement during the year	100	0.00
7	G PARTHASARATHY	1 1	0.00 0.00	01.04.2016 31.03.2017	0	NIL movement during the year	1	0.00
8	S V KANORIA	556,440 556,440	1.27 1.27	01.04.2016 31.03.2017	0	NIL movement during the year	556,440	1.27
9	MADHUVANTI KANORIA	498,321 498,321	1.14 1.14	01.04.2016 31.03.2017	0	NIL movement during the year	498,321	1.14
T. D. Bahety has resigned as a Director w.e.f. 27.05.2016, therefore, his shareholding is not shown above.								
B) KEY MANAGERIAL PERSONNEL (KMP)								
1	N K NOLKHA	1,500 1,500	0.00 0.00	01.04.2016 31.03.2017	0	NIL movement during the year	1,500	0.00
2	N K SETHIA	0 0	0.00 0.00	01.04.2016 31.03.2017	0	NIL movement during the year	0	0.00

V. INDEBTEDNESS

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

(₹ in million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2016)				
(I) Principal Amount	814.51	400.00	0	1214.51
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	1.22	0	0	1.22
Total (i + ii + iii)	815.73	400.00	0	1215.73
Change in indebtedness during the financial year				
a) Addition (Net)	0	0	0	0
b) Reduction (Net)	46.87	0	0	46.87
Net Change	**46.87**	**0**	**0**	**46.87**
Indebtedness at the end of the financial year (31.03.2017)				
(i) Principal Amount	767.78	400.00	0	1,167.78
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	1.08	0	0	1.08
Total (i + ii + iii)	**768.86**	**400.00**	**0**	**1,168.86**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in million)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		R V Kanoria	S V Kanoria	T D Bahety	
		Managing Director	Wholetime Director	Wholetime Director (Term as such ended on 19.05.2016)	
1	Gross Salary				
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961	13.39	4.80	2.50	20.69
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.39	0.04	0.03	0.46
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				
	As % of Profit	0	0	0	0
	Others, specify	0	0	0	0
5	Others, Please Specify – (Company's contribution to PF)	1.00	0.36	0.05	1.41
	Total (A)	**14.78**	**5.20**	**2.58**	**22.56**
	Ceiling as per the Act		**Rs. 3.23 million, being 10% of the Net Profits of the Company as per Section 198 of the Companies Act, 2013**		

B) Remuneration to Other Directors

1. Independent Directors

(₹ in million)

Particulars of Remuneration	Name of Directors						Total Amount
	Amitav Kothari	H K Khaitan	Ravinder Nath	G Pathasarathy	S L Rao	A Vellayan	
Fees for attending Board/committee meetings	0.29	0.32	0.17	0.17	0.16	0.05	1.16
Commission	0	0	0	0	0	0	0
Other, Please specify	0	0	0	0	0	0	0
Total (B) (1)	**0.29**	**0.32**	**0.17**	**0.17**	**0.16**	**0.05**	**1.16**

2. Other Non Executive Directors

(₹ in million)

Particulars of Remuneration	Name of Director	Total Amount
	Madhuvanti Kanoria	
Fees for attending board/committee meeting	0.20	0.20
Commission	0	0
Other, Please specify	0	0
Total (B) (2)	**0.20**	**0.20**
Total (B)=(B1)+(B2)		**1.36**
Total Managerial Remuneration (A+B)		**23.92**
Overall Ceiling as per the Act	**Rs. 3.55 million, being 11% of the Net Profits as per Section 198 of the Companies Act, 2013**	

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

(₹ in million)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		N K Nolkha	N K Sethia	
		Group Chief Financial Officer	Company Secretary	
1	Gross Salary			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961	4.75	2.10	6.85
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.22	0.11	0.33
	c) Profits in lieu of salary u/s 17(3) of the Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission			
	As % of Profit	0	0	0
	Others, specify	0	0	0
5	Others, Please Specify – (Company's contribution to PF)	0.28	0.13	0.41
	Total (C)	**5.25**	**2.34**	**7.59**

VII. PENALTIES / PUNISHMENT / COMPOUDNING OF OFFENCES

Against the Company, Directors and other Officers in Defaults under the Companies Act, 2013 : NONE

For and on behalf of the Board

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 30th May 2017

R.V. Kanoria
Chairman & Managing Director
DIN:00003792

ANNEXURE TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Kanoria Chemicals & Industries Limited
"Park Plaza", 71 Park Street,
Kolkata-700016

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

Based on our verification of the Company's books, papers, minute books, forms, returns filed and other records maintained by the Company as per Annexure- A (hereinafter referred to as "Books and Papers") and also the information provided by the Company, its officers, Registrar & Share transfer agents during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2016 to March 31, 2017 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books and Papers maintained by the Company for the Audit Period according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder including any re-enactment thereof;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment, Foreign Direct Investment and External Commercial Borrowings;
5. The following Regulations and guidelines prescribed under the Securities Exchange Board of India Act, 1992 ('SEBI Act'):
   a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ('SAST Regulation');
   b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the LODR Regulations, 2015");
   c) SEBI (Registrar to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client);
   d) SEBI (Prohibition of Insider Trading) Regulations, 2015 ("the PIT Regulations, 2015");
   e) Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and rules made thereunder;
   f) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI (ICDR) Regulations, 2009")
6. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:
   i. Petroleum Act, 1934;
   ii. Poison Act, 1919; and
   iii. Indian Explosive Act, 1884

   We have also examined compliance with the applicable clauses of the following:
   a) Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India;
   b) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

Having regard to the compliance system prevailing in the Company and on examination on test –check basis, of the relevant documents and records in pursuance thereof relating to the Audit Period, we report that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

Management Responsibility:

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

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

We further report that based on the information provided by the Company during the conduct of the audit and also on the review of quarterly compliance reports by Company Secretary taken on record by the Board of Directors of the Company, in our opinion, adequate systems and processes and control mechanisms exist in the Company to monitor and ensure compliance with other applicable general laws.

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

We further report that during the Audit Period, the Company has not incurred any specific event that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place: Kolkata
Date: 30th May, 2017

For M/s Vinod Kothari & Company
Practicing Company Secretaries

Arun Kumar Maitra
Partner
Membership No: A3010
CP No.: 14490

ANNEXURE - A

LIST OF DOCUMENTS

1. Corporate Matters

1.1 Minutes books of the following meetings were provided in original

- 1.1.1 Board Meeting
- 1.1.2 Audit Committee
- 1.1.3 Nomination and Remuneration Committee
- 1.1.4 Stakeholders Relationship Committee
- 1.1.5 Corporate Social Responsibility Committee
- 1.1.6 Risk Management Committee
- 1.1.7 General Meeting

1.2 Agenda papers for Board Meeting along with Notice
1.3 Annual Report for the Financial Year 2015-2016
1.4 Memorandum and Articles of Association
1.5 Disclosures under the Act and Listing Regulations
1.6 Policies framed under the Act and Listing Regulations;
1.7 Documents pertaining to Listing Agreement/ Listing Regulations compliance;
1.8 Documents pertaining to proof of payment of Dividend;
1.9 Registers maintained under the Act;
1.10 Forms and Returns filed with MCA and RBI
1.11 Questionnaires duly filled for specific laws
1.12 Documents under SEBI (Prohibition of Insider Trading) Regulations, 2015
1.13 Disclosures under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

(A) Conservation of Energy

(i) The steps taken for conservation of energy:

Major energy conservation initiative taken during the financial year 2016-17:

- Replaced the blower to reduce power consumption.
- Replaced the vaporizer with new design to reduce steam consumption
- Installed LED lights.
- Replaced the pumps of Boiler Feed Water, Methanol Transfer, Raw Water and DM Water with energy efficient pumps.

(ii) The steps taken by the Company for utilizing alternate sources of energy: NIL

(iii) The capital investment on energy conservation equipments: Rs. 3.82 million

(B) Technology Absorption

(i) The efforts made towards technology absorption: NIL

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: NIL

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

(a)	The details of technology imported	Technological upgradation of Formaldehyde process from Johnson Matthey Formox, Sweden
(b)	The year of import	2015-16
(c)	Whether the technology been fully absorbed	Under implementation
(d)	If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable

(iv) The expenditure incurred on Research and Development:-

(₹ in million)

Capital Expenditure	0.04
Revenue Expenditure	4.56

(C) Foreign Exchange Earnings and Outgo

(₹ in million)

Foreign Exchange earned in terms of actual inflows during the year	164.50
Foreign Exchange outgo in terms of actual outflows during the year	527.63

For and on behalf of the Board

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 30th May 2017

R.V. Kanoria
Chairman & Managing Director
DIN:00003792

ANNEXURE TO THE DIRECTORS' REPORT

A. Information pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of remuneration of each Director to the median remuneration of all employees and percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

Sl. No.	Name of Directors and Key Managerial Personnel	Designation	The ratio of remuneration of each Director to the median remuneration of all employees of the Company for the financial year 2016-17	Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2016-17
1	Shri R.V. Kanoria	Chairman & Managing Director	45.78	13.86
2	Shri S. V. Kanoria	Wholetime Director	16.07	@
3	Shri Amitav Kothari	Non-Executive Independent Director	0.89	23.91
4	Shri H.K. Khaitan	Non-Executive Independent Director	0.98	(1.56)
5	Shri Ravinder Nath	Non-Executive Independent Director	0.53	0.00
6	Shri G. Parthasarathy	Non-Executive Independent Director	0.53	(29.17)
7	Prof. S.L. Rao	Non-Executive Independent Director	0.50	(36.00)
8	Shri A. Vellayan	Non-Executive Independent Director	0.16	0.00
9	Smt. Madhuvanti Kanoria	Non-Executive Director	0.64	105.00
10	Shri N.K. Nolkha	Group Chief Financial Officer	NA	11.11
11	Shri N.K. Sethia	Company Secretary	NA	14.33

Notes: *No Director other than the Chairman & Managing Director and Whole time Director received any remuneration other than sitting fees during the financial years 2015-16 and 2016-17.*

@ Shri S. V. Kanoria was appointed as a Wholetime Director w.e.f. 1st April, 2016, as such comparison of remuneration over the previous financial year is not given.

Since, Shri T. D. Bahety resigned as a Director w.e.f. 27th May, 2016; the above details for him are not given.

2. The number of permanent employees as on 31st March, 2017 was 319.

3. Compared to the year 2015-16, the figures for the year 2016-17 reflects that:-

   (i) Median remuneration of the employees has increased by 10.65%.

   (ii) Average remuneration of the employees increased by 4.85%.

   (iii) Average remuneration of the employees excluding Key Managerial Personnel increased by 4.72% and average remuneration of Key Managerial Personnel increased by 7.24%.

The remuneration of Directors, Key Managerial Personnel and other employees is in accordance with the Remuneration Policy of the Company.

B. Particulars of employees pursuant to provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5 (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Top 10 Employees in terms of remuneration drawn

(i) Employees in receipt of remuneration aggregating to not less than Rs. 1.02 Crore per annum or Rs. 8.5 Lakh per month

Sl. No.	Name and Age	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Joining	Last Employment
1	R. V. Kanoria (62 years)	Chairman & Managing Director	14,704,854	B.Sc., MBA (Hons) (43 Years)	10.01.1983	-
2	T. D. Bahety (76 Years)	Wholetime Director#	2,588,585$	B. Sc. Chemistry (Hons), Jute Technologist (58 Years)	08.09.1988	Hastings Mill, General Manager

(ii) Other Employees

Sl. No.	Name and Age	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Joining	Last Employment
3	N. K. Nolkha (50 Years)	Group Chief Financial Officer	5,282,864	B. Com (Hons), ACA (29 Years)	02.04.1991	G. R. Magnets Limited, Manager (Finance & Legal)
4	Arun Kumar Agarwal (58 Years)	Chief Executive – Chemicals Business	5,273,408	B. Com (Hons), FCA, ACS (35 Years)	01.10.1990	Jayshree Tea & Industries Limited
5	S. V. Kanoria (35 Years)	Wholetime Director	5,160,000	MS in Computer Science (13 Years)	21.08.2006	Morgan Stanley, USA
6	I A P S Murthy (53 Years)	Vice President - Works	4,095,218	Ph.D - Chemistry (23 Years)	4.11.2011	S I Group India Limited, GM - Operations.
7	Anil D Mishra (46 Years)	Sr. General Manager (EHS)	2,757,352	M. Tech. (Environment) (20 Years)	20.12,2004	Khemani Distilleries Pvt. Limited
8	Vaidehi Kanoria (33 Years)	General Manager – Human Resource	2,658,720	B.Sc. (Economics) (9 Years)	21.09.2010	Gallery Espace Art
9	Sanjay Kumar Ojha (45 Years)	Vice President (Works)	2,372,112	B.E. (Mechanical) (20 Years)	11.06.2007	United Phosphorus Limited
10	B. Panangadan (55 Years)	Asst. Vice President - Business Development	2,339,184	PG Diploma in Financial Mgmt, B. Tech - Electrical Engg. (32 Years)	01.09.2011	K S Oils Limited, DGM

The figures are on mercantile basis.

Tenure as Wholetime Director ended on 19th May, 2016.

$ Amount is for part of the year - from 01.04.2016 to 19.05.2016 and includes retiremental benefits of Rs.1,804,000 at the end of tenure.

Notes: *Remuneration includes Salary, House Rent Allowance, Company's contribution to Provident Fund, Leave Travel Assistance, Medical and other facilities, as applicable.*

All the appointments are on employment agreement basis, except for executive Directors which are contractual.

Shri R. V. Kanoria, Chairman & Managing Director is spouse of Smt. Madhuvanti Kanoria and father of Shri S. V. Kanoria, Directors of the Company. Shri S. V. Kanoria is son of Shri R. V. Kanoria and Smt. Madhuvanti Kanoria, Directors of the Company. Smt. Vaidehi Kanoria is wife of Shri S. V. Kanoria and daughter in law of Shri R. V. Kanoria and Smt. Madhuvanti Kanoria, Directors of the Company.

For and on behalf of the Board

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 30th May 2017

R.V. Kanoria
Chairman & Managing Director
DIN:00003792

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

Your Company has complied with the provisions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015").

A Report on the implementation of Corporate Governance by the Company as per the Listing Regulations, 2015 is given below.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is commitment to values and integrity in directing the affairs of the Company. It is an integral part of the Company's strategic management. Its basic tenets – adherence to ethical business practices; delegation; responsibility and accountability; honesty and transparency in the functioning of management and the Board; true, complete and timely disclosures; and compliance of law, ultimately result in maximising shareholders value and in protecting the interests of stakeholders.

The Company is committed to and always strives for excellence through adoption of and adherence to good corporate governance in the true spirit.

The Company is guided by a well-balanced Board comprising Directors, who are all outstanding professionals of eminence and integrity. Strategic management by a professional Board is the focal point of the Company's Corporate Governance philosophy and practice.

A core group of top-level executives further strengthens and reinforces the foundation of Corporate Governance in the Company. Competent professionals across the organisation have put in place the best in terms of systems, processes, procedures and technologies.

BOARD OF DIRECTORS

Composition

The Board as on 31st March 2017 consisted of nine Directors including seven Non-executive Directors out of which six are Independent Directors. Shri R.V. Kanoria, B.Sc., MBA (Hons.), representing the promoters is holding the executive position and is designated as the Chairman & Managing Director of the Company. He has 43 years of industrial, managerial, administrative and commercial experience. Shri S. V. Kanoria, an MS in Computer Science having 13 years work experience, is the Wholetime Director of the Company.

During the year under review, the Board met four times; on 27th May 2016, 31st August 2016, 29th November 2016 and 9th February 2017.

The constitution of the Board during the year ended 31st March 2017 and attendance at the Board Meetings, last Annual General Meeting and the Directorship, Chairmanship and/or Membership of Committees held as on 31st March 2017 by each Director in other companies are as under:

Name of Director	Attendance at		Category of Directors	Other Directorship[1]	Other Committee Chairmansip[2]	Other Committee Membership[2]
	Board Meetings	Last AGM				
Shri R.V. Kanoria (DIN: 00003792)	4	Yes	Promoter – Chairman & Managing Director	7	2	4
Smt. Madhuvanti Kanoria (DIN: 00142146)	4	Yes	Non-Executive Non-Independent Director	-	-	-
Shri S. V. Kanoria (DIN: 02097441)	4	Yes	Executive Director	4	-	-
Shri Amitav Kothari (DIN:01097705)	4	Yes	Non - Executive Independent Director	3	1	2
Shri H.K. Khaitan (DIN:00220049)	4	Yes	Non - Executive Independent Director	4	1	3
Shri Ravinder Nath (DIN:00062186)	3	Yes	Non - Executive Independent Director	3	1	2
Shri G. Parthasarathy (DIN:00068510)	3	No	Non - Executive Independent Director	-	-	-
Prof. S.L. Rao (DIN:00005675)	2	No	Non - Executive Independent Director	1	-	1
Shri A. Vellayan (DIN:00148891)	1	Yes	Non - Executive Independent Director	3	1	-

[1] This excludes Directorship held in Indian Private Limited Companies, Foreign Companies, Companies under Section 8 of the Companies Act, 2013.

[2] Committee refers to Audit Committee and Stakeholders Relationship Committee.

Notes

i Smt. Madhuvanti Kanoria is spouse of Shri R. V. Kanoria. Shri S. V. Kanoria, Wholetime Director, is son of Shri R. V. Kanoria and Smt. Madhuvanti Kanoria. None of the other Directors is related to any other Director on the Board.

ii None of the Directors has any business relationship with the Company.

iii The Company has a woman Director on its Board of Directors.

iv None of the Directors received any loans and advances from the Company during the year.

v None of the Directors holds Directorships in more than the permissible number of companies under the Companies Act, 2013 or Directorships/Membership/Chairmanship of Board Committees as permissible under Regulations 25 and 26 of the Listing Regulations, 2015.

vi All the Directors have certified that they are not disqualified for appointment as a Director in any company.

vii Additional information pursuant to the Listing Regulations, 2015 in respect of Director seeking appointment/re-appointment is given in the AGM Notice.

Responsibilities

The Board's prime concentration is on strategy, policy and control, delegation of power and specifying approvals that remain in the Board's domain besides review of corporate performance and reporting to shareholders. The Board and Management's roles are clearly demarcated.

The Management is required to:

a) provide necessary inputs to assist the Board in its decision making process in respect of the Company's strategies, policies, performance targets and code of conduct;

b) manage day-to-day affairs of the Company to achieve targets and goals set by the Board in the best possible manner;

c) implement all policies and the code of conduct as approved by the Board;

d) provide timely, accurate, substantive and material information, including on all financial matters and any exceptions, to the Board and/or its Committees;

e) ensure strict compliance with all applicable laws and regulations; and

f) implement sound and effective internal control systems.

The management and the conduct of the affairs of the Company lie with the Managing Director who heads the management team.

Role of Independent Directors

The Independent Directors play an important role in deliberations and decision-making at the Board Meetings and bring to the Company wide experiences in their respective fields. They also contribute in significant measure to Board Committees. Their independent role vis-à-vis the Company means that they have a special contribution to make in situations where they add a broader perspective by ensuring that the interests of all stakeholders are kept in acceptable balance and in providing an objective view in instances where a (potential) conflict of interests may arise between stakeholders.

Meetings of Independent Directors

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel. During the year under review, one Meeting of Independent Directors was held on 9th February 2017, wherein the Independent Directors carried out the performance evaluation of the Chairman & Managing Director, Executive Director and other non-independent Director as well as the Board of the Company. The Meeting also assessed the quality, quantity and timeliness of the flow of information by the Management of the Company to the Board of Directors.

Familiarisation Programmes for Board Members

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Board Committees, on business and performance updates of the Company. Relevant statutory changes encompassing important laws are regularly made available to the Directors. Efforts are also made to familiarise the Directors about the Company, their roles, rights, responsibility in the Company, nature of the industry in which the Company operates, business model/procedures/processes of the Company, etc. through various programmes including plant visits. The details of the familiarisation programmes for Independent Directors are put on the website of the Company and can be accessed at the link: www.kanoriachem.com/images/FamPro.pdf.

BOARD MEETINGS

Selection of Agenda Items for Board Meetings

i) The Company holds a minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. The gap between two Meetings is not more than 120 days. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company.

ii) All divisions and departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion and approval by the Board or by Committees. All such matters are communicated to the Company Secretary in advance so that these may be included in the Agenda for the Board or Committee Meetings.

iii) At the beginning of each meeting of the Board, the Chairman & Managing Director briefs the Board members about the key developments relating to the Company.

iv) At each of the four pre-scheduled Board Meetings, managers are invited to make presentations on the major business segments and operations of the Company before taking on record the results of the Company for the preceding financial quarter. Sufficient support information is provided to the Board in advance for all strategic matters of significance pertaining to expansion plans, financing and diversifications. These are discussed and deliberated in detail at the Board level.

v) Among others, the following items are placed at the Board Meetings for the consideration/review/approval of the Board:

- Annual Operating Plans and Budgets and any updates.
- Capital Budgets and any updates.
- Quarterly results of the Company and its Business Segments.
- Minutes of Meetings of the Board Committees.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any Joint Venture or Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

In addition, the other matters requiring the Board's consideration/review/approval, from time to time, are also placed at the Board Meetings. The Board's annual agenda includes recommending dividend, determining Directors who shall retire by rotation and recommending appointment/reappointment of Directors and Auditors, authentication of annual accounts and approving the Directors' Report, long term strategic plans for the Company and the principal issues that the Company expects to face in the future. The Board also considers/approves the other matters as required to be considered/approved by the Board as per the Companies Act, 2013 and the Listing Regulations, 2015. Board Meetings also note and review the functions of its Committees.

The Chairman of the Board and the Company Secretary in consultation with other concerned persons in senior management finalise the agenda papers for the Board Meeting. Directors have access to the Company Secretary's support for all information of the Company and are free to suggest inclusion of any matter in the Agenda.

Board Material Distributed in Advance

i) Agenda Papers are circulated to the Directors in advance. All material information is incorporated in the Agenda Papers for facilitating meaningful and focussed discussions at the Meeting. Where it is not practicable to attach any documents to the Agenda, the same are placed on the table at the Meeting with specific reference to this effect in the Agenda.

ii) In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted to be taken at the Meeting.

Recording Minutes of Proceedings at Board and/or Committee Meetings

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

Compliance

The Company Secretary while preparing the agenda, notes on agenda and minutes of the Meetings, ensures adherence to the applicable provisions of law including the Companies Act 2013, Secretarial Standards and the Listing Regulations, 2015.

BOARD COMMITTEES

To enable better and focussed attention on the affairs of the Company, the Board delegates specific matters to its Committees. These Committees also prepare the groundwork for decision-making and report at the subsequent Board Meetings. No matter, however, is left to the final decision of any Committee, which under the law or the Articles may not be delegated by the Board or may require the Board's explicit approval. Minutes of the Committee Meetings are circulated to all Directors and discussed at the Board Meetings.

Audit Committee

The Audit Committee comprises of Shri Amitav Kothari, Shri H. K. Khaitan and Prof. S. L. Rao, Independent Directors, and Shri R. V. Kanoria, Chairman & Managing Director of the Company. Shri Amitav Kothari is the Chairman of the Committee. The Members of the Committee have requisite knowledge of finance, accounts and Company law.

The Audit Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015. The terms of reference of the Audit Committee inter alia include the following:

a) Recommendation for appointment, remuneration and terms of appointment of Auditors of the company;

b) Approval of payment to Statutory Auditors for rendering of any other services;

c) Review and monitor the Auditor's independence and performance, and effectiveness of audit process;

d) Reviewing with the Management, the Annual Financial Statement and the Auditors Report thereon before submission to the Board for approval.

e) Reviewing, with the Management, the quarterly Financial Statement before submission to the Board for approval.

f) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

g) Approval or any subsequent modification of transactions of the Company with related parties;

h) Scrutiny of inter-corporate loans and investments;

i) Valuation of undertakings or assets of the Company, wherever it is necessary;

j) Evaluation of internal financial controls and risk management systems;

k) Monitoring the end use of funds raised through public offers and related matters;

l) Review of appointment, removal and terms of remuneration of Internal Auditor.

m) Review of Internal Audit Reports and follow up of any significant findings therein;

n) Discussion with Statutory Auditors post-audit to ascertain any area of concern;

o) To review the functioning of the Whistle Blower mechanism;

p) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

In addition, to carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

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

During the financial year 2016-17, the Committee met four times; on 27th May 2016, 31st August 2016, 29th November 2016 and 9th February 2017.

Attendance of Members at Audit Committee Meetings held during the year 2016-17:

Name of Director	No. of Meetings attended
Shri Amitav Kothari	4
Shri R. V. Kanoria	4
Shri H.K. Khaitan	4
Prof. S. L. Rao	2

The Chairman of the Audit Committee was present at the last Annual General Meeting held on 1st September, 2016.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Shri H. K. Khaitan and Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholetime Director of the Company. Shri H. K. Khaitan is the Chairman of the Committee.

The Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015, which comprise the following:-

i. To consider and resolve the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends.

ii. To carry out any other function as is referred to the Committee by the Board of Directors from time to time or enforced by any statutory notification/amendment or modification as may be applicable.

Shri N.K. Sethia, Company Secretary and Compliance Officer under the relevant regulations, has been delegated authority to attend to Share transfer formalities at least once in a fortnight.

There were no pending share transfers as at the end of the financial year 2016-17, except sub-judice matters, which would be solved on final disposal by Hon'ble Courts.

During the year under review, the Company attended to most of the stakeholders' correspondence within a period of seven days from the date of the receipt of such correspondence.

During the year, two complaints were received. At the end of the year, one complaint was pending which has since also been resolved.

During the financial year 2016-17, the Committee met on 31st August 2016, wherein all the Members were present.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Prof. S. L. Rao, Shri H. K. Khaitan, Shri G. Parthasarathy and Shri Ravinder Nath, Independent Directors and Shri R. V. Kanoria, the Chairman & Managing Director of the Company. Prof S. L. Rao is the Chairman of the Committee.

The Nomination and Remuneration Committee's constitution, terms of reference and role are in compliance with the Companies Act, 2013 and the Listing Regulations, 2015. The terms of reference of the Nomination and Remuneration Committee inter alia include the following:-

i. Identification of persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.

ii. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees and ensure that:-

   a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the company successfully;

   b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

iii. To formulate criteria for performance evaluation of Independent Directors and the Board;

iv. Devising a policy on Board diversity;

In addition, to carry out any other function as may be referred, from time to time, by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

During the financial year 2016-17, the Committee met on 9th February 2017 wherein all the Members were present.

The Chairman of the Nomination and Remuneration Committee authorised Shri H. K. Khaitan to represent him at the last Annual General Meeting held on 1st September, 2016.

The Board of Directors of the Company, based on the recommendation of the Nomination and Remuneration Committee, has formulated the Nomination and Remuneration Policy, which contains the matters with regard to criteria for appointment of Directors and determining Directors independence and policy on remuneration for Directors, Senior Managerial Personnel and other employees.

Criteria for Appointment of Directors

In evaluating the suitability of a person and recommending to the Board his appointment as a Director of the Company, the Nomination and Remuneration Committee may take into account and ascertain factors such as:

i. Personal and professional ethics, integrity and values

ii. Educational and professional background

iii Willingness to devote sufficient time and energy in carrying out the duties and responsibilities effectively

Remuneration Policy

The Company's Remuneration Policy has been formulated, keeping in view the following guiding principles:-

i. Ensuring that the remuneration and other terms of employment are as per the trends and practices prevailing in peer companies and the industry.

ii. Providing reward commensurate with the efforts, dedication and achievement in performance of duty.

iii. Attracting, retaining, motivating and promoting talent and ensuring long term sustainability of talented personnel and create competitive advantage.

The Remuneration Policy is in consonance with the existing Industry practice.

The Managing Director and Wholetime Director are paid remuneration as per their agreements with the Company. These agreements are approved by the Board and also placed before the shareholders for their approval. The remuneration structure of the Managing Director and the Wholetime Director comprises salary, perquisites, other benefits and commission (payable on the net profits of the Company, calculated as per the applicable provisions of the Companies Act, 2013). The Managing Director and Wholetime Director are not paid sitting fee for attending Meetings of the Board or Committees thereof.

Non-Executive/Independent Directors receive remuneration by way of fees for attending Meetings of Board or Committee thereof, as fixed by the Board of Directors from time to time, within the limits as prescribed under the applicable law. They are paid a sitting fee of Rs.50,000/- for attending each Board Meeting. The sitting fee for attending each Audit Committee Meeting and each Nomination and Remuneration Committee Meeting is Rs. 20,000/- and it is Rs.5,000/- for attending other Committee Meeting respectively. Non-Executive/Independent Directors are also reimbursed for expenses incurred for participation in Meetings of the shareholders, the Board of Directors or Committee thereof or for any other purpose in connection with the business of the Company as permissible under the applicable law.

There are no stock option benefits to any of the Directors.

The Nomination and Remuneration Policy may be accessed at the Company's website at the link: www.kanoriachem.com/images/NomRemPol.pdf.

Criteria for Performance Evaluation of Directors

The criteria for performance evaluation of Directors among others includes factors such as preparation, participation, engagement, personality and conduct, value addition, strategic planning and vision, team spirit and consensus building, leadership quality, understanding and focus on key business issues, independent thinking and judgment, quality of analysis, experience and business wisdom, management qualities, awareness, motivation, integrity, ethics and receptivity.

Details of Remuneration paid or payable to Directors for the Financial Year ended 31st March 2017

Name of Director	Salary	Perquisites and other benefits	Commission	Sitting Fees*	Total
Shri R.V. Kanoria	8,367,097	6,337,757	-	-	14,704,854
Shri Amitav Kothari	-	-	-	285,000	285,000
Shri H.K. Khaitan	-	-	-	315,000	315,000
Shri Ravinder Nath	-	-	-	170,000	170,000
Shri G. Parthasarathy	-	-	-	170,000	170,000
Prof. S.L. Rao	-	-	-	160,000	160,000
Shri A. Vellayan	-	-	-	50,000	50,000
Smt Madhuvanti Kanoria	-	-	-	205,000	205,000
Shri T. D. Bahety#	432,258	2,156,327	-	-	2,588,585
Shri S. V. Kanoria	3,000,000	2,160,000	-	-	5,160,000

Tenure as Wholetime Director ended on 19th May, 2016.

* Includes Sitting Fee paid for Committee Meetings.

Details of Agreement

Name	From	To	Tenure
Shri R.V. Kanoria	10.01.2015	09.01.2018	3 years
Shri S.V. Kanoria	01.04.2016	31.03.2019	3 years

For termination of agreement, the Company and the Whole time Director are required to give a notice of three months or three months' salary in lieu thereof.

Equity Shares of the Company held by Directors

The Directors, who held the Equity Shares of the Company as on 31st March 2017 are Shri R.V. Kanoria (461,481), Smt. Madhuvanti Kanoria (498,321), Shri S. V. Kanoria (556,440), Shri A. Vellayan (15,000), Shri H. K. Khaitan (100), Prof. S. L. Rao (100), Shri Ravinder Nath (100), Shri Amitav Kothari (4) and Shri G. Parthasarathy (1).

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee comprises of Smt. Madhuvanti Kanoria, Director, Shri R. V. Kanoria, Managing Director and Shri H. K. Khaitan, an Independent Director. Smt. Madhuvanti Kanoria is the Chairperson of the Committee.

The Committee's constitution, terms of reference and role are in compliance with the provisions of the Companies Act, 2013.

The terms of reference of the Corporate Social Responsibility Committee comprise the following:-

i. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013;

ii. To recommend to the Board the amount of expenditure to be incurred on the activities as referred to in clause (i) above;

iii. To monitor the Corporate Social Responsibility Policy of the Company from time to time.

In addition, to carry out any other function as may be referred from time to time by the Board of Directors or enforced by any statutory notification/amendment or modification as may be applicable.

During the financial year 2016-17, the Committee met two times: on 27th May 2016 and 29th November 2016, wherein all the Members were present.

The CSR Policy may be accessed at the Company's website at the link: www.kanoriachem.com/images/CSRPol.pdf.

Finance Committee

The Finance Committee comprises of Shri R.V. Kanoria, Managing Director, Shri H.K. Khaitan, Shri Amitav Kothari, Independent Directors and Shri S. V. Kanoria, Wholetime Director. Shri R. V. Kanoria is the Chairman of the Committee.

The Committee determines on behalf of the Board, the matters relating to Debentures, Term Loans, Commercial Paper and any other types of Financial Assistance from Financial Institutions, Banks, Mutual Funds and Others, creation of securities and allotment of securities etc. and other matters related and incidental therewith.

In addition, the Committee also carries out any other function as may be referred from time to time by the Board of Directors. During the financial year 2016-17, no Meeting of the Committee was held.

OTHER COMMITTEE

Risk Management Committee

The Risk Management Committee of the Company comprises of Shri R. V. Kanoria, Managing Director, Shri S. V. Kanoria, Wholetime Director, Shri H. K. Khaitan, Independent Director, Shri N.K. Nolkha - Group Chief Financial Officer and Shri Arun Agarwal - Chief Executive - Chemical Business. Shri R. V. Kanoria is the Chairman of the Committee.

The Risk Management Committee assesses the significant risks that might impact the achievement of the Company's objectives and develops risk management strategies to mitigate/minimise identified risks and designs appropriate risk management procedures.

During the year under review, the Committee met on 29th November 2016.

GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as per details given below:

Year	Date	Time	Venue	No. of Special Resolution(s) passed
2015-16	1st September 2016	10.30 A. M	'Shripati Singhania Hall', Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700 020	1
2014-15	1st September 2015	10.30 A. M		1
2013-14	5th September 2014	10.30 A. M		3

There was no resolution passed through Postal Ballot during the year under review. At the ensuing Annual General Meeting, there is no resolution proposed to be passed by Postal Ballot.

SUBSIDIARY COMPANIES

The Audit Committee reviews the financial statements, particularly the investments made by the subsidiary companies. The minutes of the Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company.

The Policy for determining Material Subsidiaries as approved by the Board may be accessed on the Company's website at the link: www.kanoriachem.com/images/MatSub.pdf.

DISCLOSURES:

RELATED PARTY TRANSACTIONS

During the year under review, the Company had not entered into any material transaction with any of its related parties. All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arm's length basis.

None of the transactions with any of the related parties were in conflict with the Company's interest. Suitable disclosure as required by the Indian Accounting Standards (Ind AS 24) has been made in the Note No. 36 to the Standalone Financial Statements, forming part of the Annual Report There are no pecuniary relationships or transactions with the non-executive Director and Independent Directors. The Policy on Related Party Transactions as approved by the Board of Directors may be accessed on the Company's website at the link: www.kanoriachem.com/images/RelPar.pdf.

MEANS OF COMMUNICATION

The quarterly and annual financial results were taken on record and approved within the prescribed time limits. The approved results were thereafter sent to the Stock Exchanges and also posted on website of the Company for the information of shareholders/investors.

The financial results were also published in leading dailies “Business Standard” (English Daily all editions) and “Ei Samay” (vernacular language - Bengali newspaper) within 48 hours of the Meeting.

As the Company publishes its half-yearly results in English newspapers having nationwide circulation and in a vernacular language (Bengali), the details of financial performance is not sent individually to each shareholder of the Company.

The Company issues official press releases to the print media from time to time and also updates Analysts on the activities of the Company.

The Company has its own website www.kanoriachem.com where information about the Company is displayed and regularly updated. An e-mail ID investor@kanoriachem.com has been created and displayed on the Company's website for the purpose of interaction including registering complaints by the investors.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis is a part of the Annual Report.

CEO AND CFO CERTIFICATION

As required under Regulation 17(8) of the Listing Regulations, 2015, the Managing Director and the Group Chief Financial Officer of the Company have certified to the Board regarding review of financial statement for the year under review, compliance with the accounting standards and applicable laws and regulations, maintenance of internal control for financial reporting and accounting policies.

CODE OF CONDUCT

The Company has Codes of Conduct for its Directors and Senior Management Personnel as well as for its other Employees. The Codes of Conduct are available on the Company's website.

It is confirmed that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct for Directors and Senior Management Personnel for the financial year 2016-17, as required under Regulation 26(3) of the Listing Regulations, 2015 and a declaration to this effect signed by the Chairman & Managing Director forms part of the Annual Report.

WHISTLE BLOWER POLICY

In compliance with provisions of Section 177(9) of the Companies Act, 2013 and the Listing Regulations, 2015, the Company has in place a Whistle Blower Policy for its Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of applicable laws and regulations and the Company's Codes of Conduct. The reportable matters may be reported to the Audit Committee through the Nodal Officer and, in exceptional cases, may also be reported to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee.

UNCLAIMED SHARES

Pursuant to Regulation 39 of the Listing Regulations, 2015, regarding the procedure to be adopted for unclaimed shares issued in physical form and remaining unclaimed, the Company has a separate "Unclaimed Suspense Account." The particulars of Unclaimed Suspense Account are as follows:

	No. of Shareholders	No. of Shares
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year	193	116,628
Number of shareholders who approached the Company for transfer of shares from the Unclaimed Suspense Account during the year	-	-
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	-	-
Aggregate number of shareholders and outstanding shares lying in the Unclaimed Suspense Account at the end of the year. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.	193	116,628

COMPLIANCE OF MATTERS RELATED TO CAPITAL MARKETS

There has been no non-compliance, penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities, on any matter related to capital markets during the last three years.

Compliance of Mandatory and Non-mandatory Provisions of the Code

(A) The Company has complied with all the mandatory requirements of the Listing Regulations, 2015.

(B) Following is the status of the compliance with the non-mandatory requirements of the said Regulations:

i. Audit Opinion:

During the year under review, the Auditors have expressed their unmodified opinion on the financial statements of the Company.

ii. Reporting of Internal Auditor:

The Internal Auditor reports directly to the Audit Committee. The same is reported by briefing the Audit Committee through observations, review, comments and recommendations etc. in the Internal Audit Reports by the Internal Auditor of the Company.

COMPLIANCE CERTIFICATE OF THE AUDITORS

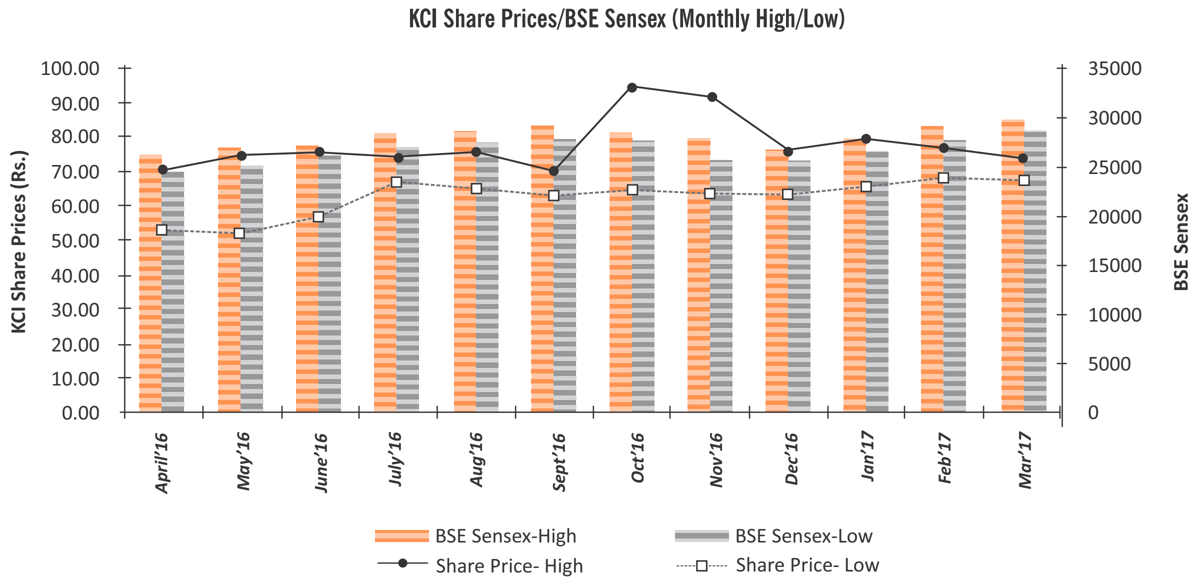
The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, 2015 is annexed hereto.

GENERAL SHAREHOLDERS' INFORMATION

1.	Annual General Meeting • Date and time • Venue	4th September 2017 at 2.30 P. M. 'Shripati Singhania Hall', Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700 020
2.	Financial Year Financial Calendar 2017-18 (tentative and subject to change) • Financial Results for the: quarter ending 30th June 2017 quarter ending 30th September 2017 quarter ending 31st December 2017 year ending 31st March 2018 • Annual General Meeting 2017-18	1st April to 31st March)) Within 45 days of end of respective quarter) By 30th May 2018 By September 2018
3.	Date of Book Closure	29th August 2017 to 4th September 2017 (both days inclusive)
4.	Dividend Payment Date	On or after 11th September 2017 (subject to shareholders' approval)
5.	Listing on Stock Exchanges	National Stock Exchange of India Ltd. 'Exchange Plaza' Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051 www.nseindia.com BSE Limited P. J. Towers,Dalal Street, Fort Mumbai - 400 001 www.bseindia.com Note: Listing fee for the year 2017-18 has been paid to the above Stock Exchanges.
6.	Stock Code: BSE Ltd. National Stock Exchange of India Ltd.	 50 6525 KANORICHEM
7.	Stock Price Data (in Rs./per share)	

	Months	NSE*		BSE*	
		High	Low	High	Low
	April 2016	70.90	53.15	70.60	53.35
	May 2016	74.00	60.30	74.35	52.20
	June 2016	76.50	57.85	75.65	57.00
	July 2016	74.00	67.10	74.00	67.00
	August 2016	75.40	64.05	75.40	64.80
	September 2016	70.00	63.00	69.90	62.80
	October 2016	94.50	63.25	94.30	64.85
	November 2016	91.95	63.50	91.75	63.80
	December 2016	76.00	62.65	75.90	63.00
	January 2017	79.80	65.50	79.50	65.70
	February 2017	77.00	69.00	76.65	68.30
	March 2017	73.90	67.00	73.90	67.45

** Source: Website of NSE and BSE*



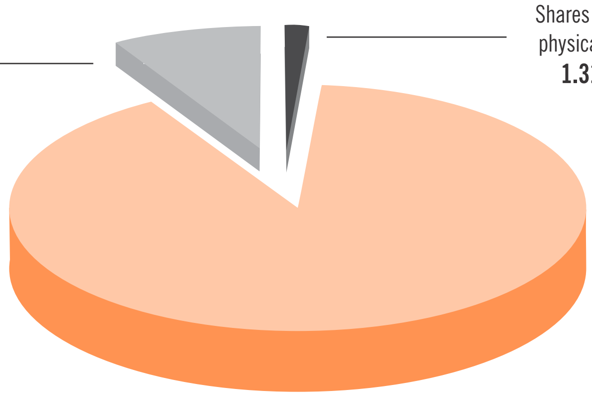
8.	Registrar and Share Transfer Agent	C. B. Management Services (P) Limited P-22, Bondel Road, Kolkata –700 019 Phone : (033) 22806692, 40116700 Fax : (033) 40116739 Email : rta@cbmsl.com
9.	(a) Share Transfer System	The share transfers which are received in physical form are processed within the prescribed time from the date of receipt, subject to the documents being valid and complete in all respects.

Details of the share transfers during the year 2016-17:

	No. of valid share transfer applications received, processed and registered	53
	No. of shares transferred	5,458
	No. of share transfers in process as on 31.03.2017	NIL
	No. of shares dematerialised	20,506
	No. of shares rematerialized	57

	(b) Dematerialisation of Shares and liquidity	Depositories: National Securities Depository Limited, Mumbai and Central Depository Services (India) Limited, Mumbai. The Equity Shares of the Company are compulsorily traded and settled through Stock Exchanges only in the dematerialised form. A total of 43,120,656 Equity Shares of the Company representing 98.69% of the Share Capital are dematerialised as on 31st March 2017. Under the Depository System, International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE 138C01024. Shares held in the dematerialised form are electronically transferred by the Depository Participant and the Company is informed periodically by the Depositories about the beneficiary holdings to enable the Company to send corporate communication, dividend etc. The requests received for dematerialisation are processed within a period of 10 days from the date of receipt of request provided they are in order in every respect.

The Annual Custody Fee for the financial year 2017-18 has been paid by the Company to both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with whom it has established connectivity.

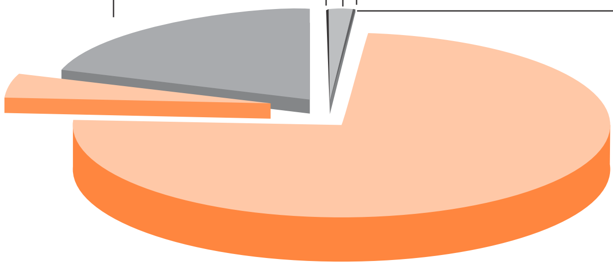


	(c) National Electronic Clearing Service (NECS) for Dividend	Your Company provides shareholders the option to receive dividend through the NECS facility. To avoid risk of loss and/or interception of dividend instruments in postal transit and/or fraudulent encashment, shareholders are requested to avail the NECS facility, where dividends are directly credited in electronic form to their respective bank accounts. Shareholders located in places where NECS facility is not available may submit their bank details. This will enable the Company to incorporate this information in dividend instruments to minimise the risk of fraudulent encashment.

10.	Distribution of Equity Shareholding as on 31st March 2017				
	Nominal value of Shareholding	**Number of Shareholders**		**Number of Equity Shares**	
		Total	**% of Shareholders**	**Total**	**% of Share Capital**
	Up to Rs.5,000	13,912	88.84	3,153,860	7.22
	Rs. 5,001 - Rs.10,000	842	5.38	1,284,035	2.94
	Rs.10,001 - Rs.20,000	484	3.09	1,369,811	3.13
	Rs. 20,001 - Rs. 30,000	167	1.07	820,557	1.88
	Rs.30,001 – Rs.40,000	55	0.35	387,394	0.89
	Rs. 40,001 – Rs. 50,000	68	0.43	628,844	1.44
	Rs. 50,001 – Rs. 1,00,000	77	0.49	1,100,884	2.52
	Rs.1,00,001 and above	54	0.35	34,947,948	79.98
	Total	**15,659**	**100.00**	**43,693,333**	**100.00**

11.	Equity Shareholding Pattern as on 31st March 2017		
	Category	**No. of Shares held**	**% of Shareholding**
	FII/Foreign Nationals & NRIs/OCB	591,786	1.35
	Financial Institutions / Insurance Companies	2,300	0.01
	Banks & Mutual Funds	94,574	0.21
	Promoters, Directors & their Relatives and associated companies	32,534,329	74.47
	Other Bodies Corporate (excluding associated companies) and Clearing Members	1,899,966	4.35
	Individuals and Trusts	8,453,750	19.34
	Unclaimed Suspense Account	116,628	0.27
	Total	**43,693,333**	**100.00**

Graphic Presentation of the Equity Shareholding Pattern as on 31.03.2017



12.	Top Ten Shareholders of the Company as on 31st March 2017		
Sl. No	**Name of Shareholders**	**No. of shares**	**% of shareholding**
1.	Vardhan Limited	26,133,872	59.81
2.	R V Investment & Dealers Limited	3,210,120	7.35
3.	Kirtivardhan Finvest Services Limited	1,154,907	2.64
4.	Saumya Vardhan Kanoria	556,440	1.27
5.	Madhuvanti Kanoria	498,321	1.14
6.	Rajya Vardhan Kanoria	461,481	1.06
7.	Anand Vardhan Kanoria	434,739	0.99
8.	Chartered Finance & Leasing Limited	350,000	0.80
9.	Bhilwara Holdings Limited	186,000	0.43
10.	Sarvesh Bubna Trust	169,757	0.39
	Total	**33,155,637**	**75.88**

13.	Outstanding GDR/ADRs/Warrants or any convertible Instruments, conversion date and likely impact on equity.	The Company has not issued GDRs/ ADRs/ Warrants or any other convertible Instruments.
14.	Commodity Price Risk/Foreign Exchange Risk and Hedging Activities	Prices and demand for the Company's products are strongly influenced by Global Demand and Prices. Volatility in commodity prices and demand may have effect on our earnings. We consider exposure to commodity price fluctuation to be an integral part of our business. Our usual policy is to buy and sell our products at prevailing market prices and not to enter price hedging arrangements. The Company has foreign currency exposure in both assets and liabilities. The foreign exchange risk arising from these exposures are managed with appropriate hedging activities. The Company uses forward exchange contracts to hedge against its foreign currency exposure after taking into consideration the natural hedge available in USD-INR terms. The Company does not enter into any derivative instruments for trading or speculative purposes. The details of foreign currency exposure as on 31st March, 2017 are disclosed in Note 40 in Notes to the Standalone Financial Statements.

15.	Plant Locations	**I - Alcochem Ankleshwar Division** **Ankleshwar Chemical Works** 3407, GIDC Industrial Estate, P.O. Ankleshwar-393 002, Dist. Bharuch (Gujarat). **Bio-Compost Plant** Vill. Sengpur, Taluka: Ankleshwar-393 002, Dist. Bharuch (Gujarat). **II - Alcochem Vizag Division** Plot No.32, Jawaharlal Nehru Pharma City, Parwada, Vishakhapatnam – 531 021, Andhra Pradesh **III -Solar Power Plant** Vill. Bawdi Barsinga, P.O. Bap, Tehsil: Phalodi, Dist. Jodhpur (Rajasthan)
16.	Address for Correspondence: For Investors' matters	**Company Secretary** Kanoria Chemicals & Industries Limited 'Park Plaza', 71 Park Street, Kolkata-700 016. Phone : (033) 4031 3200 Fax : (033) 4031 3220 **Email : nksethia@kanoriachem.com** **Website: http://www.kanoriachem.com**
	For queries relating to Financial Statements	**Group Chief Financial Officer** Kanoria Chemicals & Industries Limited 'Park Plaza', 71 Park Street, Kolkata-700 016. Phone : (033) 4031 3200 Fax : (033) 4031 3220 **Email : nolkha@kanoriachem.com** **Website: http://www.kanoriachem.com**
17.	Deposit of unclaimed dividend amount to Investor Education and Protection Fund	During the year under review, the Company has deposited unclaimed dividend of Rs. 413,352/- for the year 2008-09 to the Investor Education and Protection Fund on 22nd September 2016, pursuant to Section 125 of the Companies Act, 2013 read with allied rules.

For and on behalf of the Board

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 30th May 2017

R.V. Kanoria
Chairman & Managing Director
DIN:00003792

DECLARATION AFFIRMING COMPLIANCE WITH THE CODE OF CONDUCT

(Regulation 34, read with Schedule V(D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

This is to confirm that the Company has adopted a Code of Conduct for its Directors and Senior Management Personnel ("Code") and that the same is available on the website of the Company, www.kanoriachem.com

I hereby declare that all the Board Members and Senior Management Personnel have affirmed their compliance with the aforesaid Code for the Financial Year ended 31st March 2017.

For and on behalf of the Board

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 30th May 2017

R.V. Kanoria
Chairman & Managing Director
DIN:00003792

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Kanoria Chemicals & Industries Limited

1. We have examined the compliance of conditions of Corporate Governance by **Kanoria Chemicals & Industries Limited ("the Company")**, for the year ended on 31st March, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

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

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2017.

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

For Singhi & Co.
Chartered Accountants
(Firm's Registration No. 302049E)

(Anurag Singhi)
Partner
(Membership No. 66274)

Place: New Delhi
Date: 30th May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of **KANORIA CHEMICALS & INDUSTRIES LIMITED ('the Company')**, which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standard) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

We conducted our audit of the Standalone Ind AS financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

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

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

OPINION

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

OTHER MATTER

The corresponding financial information of the Company as at and for the year ended March 31st, 2016 and the transition date opening balance sheet as at April 1st, 2015 included in these Standalone Ind AS financial statements, are based on the previously issued financial statements for the years ended March 31st, 2016 and March 31st, 2015, prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which

INDEPENDENT AUDITOR'S REPORT

we expressed an unmodified opinion in our audit report dated May 27th, 2016 and May 27th, 2015 respectively. These financial statements have been adjusted for differences in accounting principles to comply with Ind AS and such adjustments on transition to Ind AS which has been approved by the Company's Board of Directors have been audited by us.

Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the cash flow statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

   e. on the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'; and

   g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended), in our opinion and to the best of our information and according to the explanations given to us:

      i. the Company has disclosed the impact of pending litigation as at 31st March 2017 on its financial position in its Standalone Ind AS financial statement - Refer Note No. 30 to the Standalone Ind AS financial statements;

      ii. the Company has long term contracts including derivative contracts as at 31st March, 2017 for which there were no material foreseeable losses;

      iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company, except for Rs. 0.55 million which is held in abeyance due to pending legal cases.

      iv. The Company has provided requisite disclosures in the Standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8th, 2016 to December 30th, 2016. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and produced to us by the Management. Refer Note No 11A.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)
Partner
Membership No.66274

Place : New Delhi
Date : 30th May, 2017

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Standalone Ind AS financial statements for the year ended 31st March 2017, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As per the information and explanations given to us, physical verification of fixed assets have been carried out in terms of the phased program of verification of its fixed assets adopted by the Company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to size of the Company and nature of its business.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company:

ii. As per the information and explanations given to us, the inventories have been physically verified at reasonable intervals during the year by the management and no material discrepancies between book stock and physical stock have been found.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Accordingly the provisions of paragraph 3(III), 3(III)(a) to 3(III)(c) of the said order are not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made during the year.

v. The Company has not accepted any deposit from the public within the meaning of section 73, 74, 75 and 76 of the Act and Rules framed thereunder to the extent notified.

vi. We have broadly reviewed the books of accounts maintained by Company in respect of product, where pursuant to the rule made by the Central Government of India the maintenance of cost records has been prescribed under section 148 (1) of the Companies Act 2013 and are of the opinion that, prima facie, the prescribed records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts are payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the dues of sales tax, income tax, duty of customs, duty of excise, service tax and value added tax which have not been deposited on account of any dispute and the forum where the dispute is pending as on 31st March, 2017 are as under :-

Name of the statute	Nature of Dues	Amount (Rs. in millions)	Year	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	2.10	Feb-12 to May-16	Commissioner (A) – Central Excise, Surat
	Excise Duty	3.82	Apr-10 to Feb-16	Commissioner (A) – Central Excise, Visakhapatnam
The Service Tax under the Finance Act, 1994	Service Tax	3.30	Apr-2009 to Aug-2012	CESTAT - Hyderabad
The Indian Stamp Act, 1899	Stamp Duty	3.19	2011-12	Rajasthan High Court

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

viii. According to the records of the Company examined by us and the information and explanations provided to us, the Company has not defaulted in repayment of loans or borrowings to any Financial Institutions or Banks or dues to debenture holders. Further as at the Balance sheet date the Company does not have any loans or borrowing from the Government.

ix. The company has not raised any money by way of initial public offer or further public offer including debt instruments during the year. Further, the Company has not raised any Term Loan during the year and hence the paragraph 3(ix) of the order is not applicable.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees noticed or reported during year nor have been informed of any such case by the Management.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.

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

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

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)
Partner
Membership No.66274

Place : New Delhi
Date : 30th May, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Company")** as of 31st March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)
Partner
Membership No.66274

Place : New Delhi
Date : 30th May, 2017

BALANCE SHEET

As at 31st March 2017

(₹ in million)

Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	4A	3,615.80	3,645.87	3,655.26
(b) Capital Work-in-Progress		265.15	153.01	7.65
(c) Other Intangible Assets	4B	3.98	4.01	0.31
(d) Financial Assets				
(i) Investments	5A	1,807.71	1,952.11	2,389.37
(ii) Loans	6	692.76	532.49	277.00
(iii) Others	7	16.55	16.76	17.10
(e) Other Non-Current Assets	8	38.32	4.93	24.56
Total Non-Current Assets		**6,440.27**	**6,309.18**	**6,371.25**
Current Assets				
(a) Inventories	9	322.56	270.25	376.62
(b) Financial Assets				
(i) Investments	5B	30.82	281.57	226.93
(ii) Trade Receivables	10	551.91	414.81	395.72
(iii) Cash and Cash Equivalents	11A	5.88	47.64	5.45
(iv) Bank Balances other than above	11B	375.49	375.42	15.38
(v) Loans	6	44.06	30.11	23.44
(vi) Others	7	74.27	27.04	45.37
(c) Current Tax Assets (Net)	12	214.20	182.54	256.43
(d) Other Current Assets	8	234.03	318.50	293.50
Total Current Assets		**1,853.22**	**1,947.88**	**1,638.84**
Total Assets		**8,293.49**	**8,257.06**	**8,010.09**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	13	218.49	218.49	218.49
Other Equity	14	5,925.15	5,815.34	5,744.70
Total Equity		**6,143.64**	**6,033.83**	**5,963.19**
Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	289.36	476.17	285.66
(ii) Other financial liabilities	16	14.85	7.67	-
(b) Long Term Provisions	17	57.66	46.37	44.33
(c) Deferred Tax Liabilities (Net)	18A	522.05	634.92	635.50
Total Non-Current Liabilities		**883.92**	**1,165.13**	**965.49**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	722.51	530.64	540.49
(ii) Trade Payables	20	—	—	—
Total outstanding dues of Micro and small enterprises	—	—	—	—
Total outstanding dues of others	—	253.68	183.06	282.76
(iii) Other financial liabilities	16	255.18	307.77	236.57
(b) Other Current Liabilities	21	8.45	11.00	7.40
(c) Provisions	17	26.11	25.63	14.19
Total Current Liabilities		**1,265.93**	**1,058.10**	**1,081.41**
Total Liabilities		**2,149.85**	**2,223.23**	**2,046.90**
Total Equity and Liabilities		**8,293.49**	**8,257.06**	**8,010.09**
Significant accounting policies	3			

The accompanying notes are an integral part of the Financial Statements

As per our report annexed
For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2017

(₹ in million)

Particulars	Notes	For the year ended 31st March 2017	For the year ended 31st March 2016
INCOME			
Revenue from operations	22	3,273.71	3,297.78
Other income	23	226.70	211.05
Total Income		**3,500.41**	**3,508.83**
EXPENSES			
Cost of materials consumed		1,904.11	1,793.38
Purchase of stock-in-trade		29.42	16.41
Change in inventories of finished goods and work-in -progress		(56.46)	19.08
Excise duty on sale of goods		317.07	328.08
Employee benefits expenses	24	205.85	199.33
Depreciation and amortisation expenses	4A, 4B	204.32	210.08
Finance costs	25	32.67	107.55
Other expenses	26	588.27	611.65
Total expenses		**3,225.25**	**3,285.56**
Profit/(loss) before exceptional items and tax		**275.16**	**223.27**
Exceptional item	27	184.17	—
Profit/(loss) before tax		**90.99**	**223.27**
Tax expenses:			
Current tax		14.99	62.45
MAT Credit entitlement		(14.99)	(14.79)
MAT Credit entitlement for earlier years		(99.87)	—
Deferred tax		3.66	3.65
Tax for earlier years		—	2.08
Profit for the year		**187.20**	**169.88**
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	28A	(5.20)	(7.11)
(ii) Income-tax relating to items that will not be reclassified to profit & loss		2.25	2.19
B (i) Items that will be reclassified to Profit or Loss	28B	5.02	(17.73)
(ii) Income-tax relating to items that will be reclassified to profit & loss		(0.58)	2.05
Other comprehensive income for the year, net of tax		**1.49**	**(20.60)**
Total Comprehensive Income for the year		**188.69**	**149.28**
Earning per share (INR) - Basic & Diluted	**29**	**4.28**	**3.89**
Significant accounting policies	3		

The accompanying notes are an integral part of the Financial Statements

As per our report annexed
For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

For and on behalf of the Board,

AMITAV KOTHARI
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Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2017

(₹ in million)

(A) Equity Share Capital

	Year ended 31st March 2017			Year ended 31st March 2016		
	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period
Equity Share Capital	218.47	—	218.47	218.47	—	218.47
Add : Forfeited Shares (amount paid up)	0.02	—	0.02	0.02	—	0.02
Total	**218.49**	**—**	**218.49**	**218.49**	**—**	**218.49**

(₹ in million)

(B) Other Equity

	Reserves and Surplus				Items of Other Comprehensive Income		Total
	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Retained Earnings	Equity Instruments	Debt Instruments	
As at 1st April 2015	**34.17**	**161.50**	**72.69**	**5,437.32**	**3.91**	**35.11**	**5,744.70**
Profit for the year				169.88			169.88
Other Comprehensive Income				(4.15)	(0.77)	(15.68)	(20.60)
Total Comprehensive Income	34.17	161.50	72.69	5,603.05	3.14	19.43	5,893.98
Dividend				(65.54)			(65.54)
Dividend Distribution Tax				(13.10)			(13.10)
As at 31st March 2016	**34.17**	**161.50**	**72.69**	**5,524.41**	**3.14**	**19.43**	**5,815.34**
Profit for the year				187.20			187.20
Other Comprehensive Income				(4.26)	1.31	4.44	1.49
Total Comprehensive Income	34.17	161.50	72.69	5,707.35	4.45	23.87	6,004.03
Dividend				(65.54)			(65.54)
Dividend Distribution Tax				(13.34)			(13.34)
As at 31st March 2017	**34.17**	**161.50**	**72.69**	**5,628.47**	**4.45**	**23.87**	**5,925.15**

The accompanying notes are an integral part of the Financial Statements

As per our report annexed
For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

For and on behalf of the Board,

AMITAV KOTHARI
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Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

STATEMENT OF CASH FLOW

For the year ended 31st March 2017

(₹ in million)

	2016-17	2015-16
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	90.99	223.27
Adjustments for:		
Exceptional item	184.17	—
Unrealized Debts and Claims written off	1.55	0.56
Fair Value Loss on Foreign exchange forward contracts	10.20	8.85
Depreciation & Amortisation	204.32	210.08
Finance Costs	32.67	107.55
(Profit)/Loss on Sale of Fixed Assets	0.84	0.95
(Profit)/Loss on Sale of Investments	(21.50)	(4.86)
Interest Income	(92.16)	(125.37)
Fair value change in Financial Instruments	(58.26)	(10.49)
Dividend Income	(9.77)	(25.15)
Acturial Loss transferred to OCI	(6.51)	(6.34)
Operating Profit before Working Capital changes	336.54	379.05
Adjustments for:		
Trade & other Receivables	(237.19)	(44.17)
Inventories	(52.31)	106.37
Trade & other Payables	73.94	(30.20)
Cash generated from Operations	120.98	411.05
Income Tax (Paid)/Refund (net)	(46.64)	24.14
Net Cash from Operating activities	**74.34**	**435.19**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(302.60)	(368.60)
Sale of Fixed Assets	15.40	17.89
Capital Advance	(34.00)	19.33
Loans & Advances to Subsidiaries (net)	(174.47)	(262.69)
Investments in Subsidiaries	—	(170.19)
Purchase of Investments	(1,566.05)	(3,081.48)
Sale of Investments	2,047.29	3,631.14
Fixed Deposits (net)	0.21	(359.75)
Interest received	44.85	144.35
Dividend received	9.77	25.15
Net Cash used in Investing activities	**40.40**	**(404.85)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/Payments of Borrowings (net)	(46.73)	194.43
Dividend Paid (including Dividend Tax)	(78.88)	(78.64)
Finance Charges paid	(30.89)	(103.94)
Net Cash used in Financing activities	**(156.50)**	**11.85**
Net Increase/(Decrease) in cash and cash equivalents	(41.76)	42.19
Cash and cash equivalents at the beginning of the year	47.64	5.45
Cash and cash equivalents at the end of the year (Note 11A)	**5.88**	**47.64**

Note:
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.

As per our report annexed
For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Kanoria Chemicals & Industries Limited (the Company) having its registered office at 'Park Plaza', 71 Park Street, Kolkata – 700 016, India is a Public Limited Company incorporated and domiciled in India. The Equity Shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd. The Company is primarily engaged in manufacture of Industrial Chemicals in India.

2. Basis of Preparation

A. Statement of compliance

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

The financial statements up to and for the year ended 31st March 2016 were prepared in accordance with the Accounting Standards notified under Section 133 of the Act read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and other relevant provisions of the Act.

These are the first financial statements prepared in accordance with Ind AS and therefore, Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied in preparation of opening Balance Sheet as at 1st April 2015, the date of transition to Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Company is provided in Note 43.

These financial statements have been approved for issue by the Board of Directors on 30th May 2017.

B. Functional and presentation currency

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 two decimals of millions, unless otherwise indicated.

C. Historical cost convention

The financial statements have been prepared following accrual basis of accounting on a historical cost basis, except for the following which are measured at fair value:

i. Certain financial assets and liabilities

ii. Property, plant & equipment

iii. Defined benefit plans

D. Fair value measurement

A number of Company's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as under:

i. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation, based on the lowest level input that is significant to the fair value measurement, at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

E. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset or liability is treated as current if it satisfies any of the following condition:

i. the asset/liability is expected to be realised/settled in normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realised/settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

vi. in the case of a liability, the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period

All other assets and liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

F. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures and disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The revisions in accounting estimates and assumptions are recognised prospectively.

Detailed information about estimates and judgements is included in Note 42.

3. Significant Accounting Policy

A. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency at the exchange rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange difference arising on settlement or translation of monetary items are recognised in the Statement of Profit and Loss on net basis.

NOTES TO THE FINANCIAL STATEMENTS

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively.

B. Property, Plant & Equipment

i. *Recognition & Measurement*

All items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment, if any. Cost of an item of PPE includes its purchase cost, non refundable taxes and duties, directly attributable cost of bringing the item to its working condition for its intended use and borrowing cost if the recognition criteria is met.

Subsequent costs are included in an item of PPE's carrying value or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost.

An item of PPE or any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of an item of PPE is recognised in Statement of Profit and Loss.

ii. *Transition to Ind AS*

On transition to Ind AS the Company has elected to measure all items of PPE at fair value and use that as the deemed cost of such PPE.

iii. *Depreciation methods, estimated useful lives and residual value*

Depreciation on all items of PPE is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as prescribed in Schedule II to the Act except for following items where useful life is considered as lower than that prescribed based on internal technical assessment:

PPE/PPE Group	Useful life
Effluent treatment plant Digester	15 years
Measuring instruments like flow meters, transmitters, level gauges etc.	10 years
Other Independent Instruments	15 years

Depreciation on an item of PPE purchased/sold during the year is provided on pro-rata basis.
Freehold land is not depreciated.
The residual values are not more than 5% of the cost of an item of PPE.
Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

C. Intangible Assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and impairment losses, if any.

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

The Company amortises intangible assets with a finite useful life using the straight line method over the following periods :

Computer Softwares - 3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

D. Lease Accounting

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Statement of Profit and Loss on straight line basis over the lease term unless

i. another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or

ii. the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases

Leasehold land with perpetual right has been included in property plant & equipment.

E. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. Financial Assets

Initial recognition and measurement:

The Company recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

a. The Company's business model for managing the financial asset and

b. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Company classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Company's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

This category applies to certain investment in debt instruments, cash and bank balances, trade receivables, loans and other financial assets of the Company (Refer Note 38 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Company's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments (Refer Note 38 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income and impairment losses and its reversals in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss.

Further, the Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer Note 38 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Statement of Profit and Loss. However, the Company may transfer such cumulative gain or loss into retained earnings within equity.

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Company excluding investments in subsidiary companies (Refer Note 38 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Company's Balance Sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;

ii. The Company transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Company retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Company neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

In cases where Company has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Company continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Company also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables

ii. Financial assets measured at amortized cost (other than trade receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss under the head 'Other expenses'.

II. *Financial Liabilities*

Initial recognition and measurement:

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

NOTES TO THE FINANCIAL STATEMENTS

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Company are subsequently measured at amortised cost using the effective interest method.

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Statement of Profit and Loss.

F. Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortisation and assets representing investments in subsidiary companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

G. Inventories

Inventories of raw materials, stores and spare parts, work in progress and finished goods are measured at lower of cost and net realisable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be used are expected to be sold at or above cost. In case of certain products, where cost cannot be ascertained reliably, the same are measured at net realisable value.

Cost of raw materials, stores and spares include its purchase cost and other costs incurred in bringing them to their present location and condition. Cost of work in progress and finished goods include direct materials, direct labour and appropriate proportion of variable and fixed overheads, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual item of inventory on weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

H. Income Tax

Income Tax comprises current and deferred tax and is recognised in Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity as the case may be.

I. Current Tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years. It is measured using tax rates and tax laws enacted or substantively enacted by the reporting date.

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

Deferred Tax assets are recognised to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, carried forward tax losses and unused tax credits.

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 tax laws that have been enacted or substantively enacted by the reporting date.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

I. Revenue Recognition

The Company recognises revenue when it is probable that future economic benefits will flow to the Company and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must also be met for main revenue streams of the company for its recognition :

I. Revenue from Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and includes excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

II. Renewable Energy Certificates (RECs)

RECs are recognised as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is measured on the basis of actual sale price on transfer of RECs and on the basis of CERC prescribed floor price for RECs held by/accrued to the Company.

III. Industrial Incentives

Government grants in the nature of industrial incentives to compensate the Company for expenses are recognised when there is a reasonable assurance that the same will be received and are included in Statement of Profit and Loss as other operating revenue.

IV. Interest Income

Interest income from debt instruments is recognised on accrual basis using effective interest rate method applicable on such debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

V. Dividend

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when the shareholders approve the dividend.

J. Employee Benefits

I. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g. towards bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

II. Defined contribution plan

Provident Fund, a defined contribution plan, is a post employment benefit plan under which the Company pays contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Company recognises the contributions payable towards the provident fund as an expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees

III. Defined benefit plan

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Company has unfunded Gratuity liability towards this which is provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any, excluding interest) are immediately recognised in the balance sheet with corresponding debit or credit to Other Equity through OCI. Remeasurements are not classified to profit or loss in subsequent periods.

Net interest and changes in the present value of defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

IV. Other long term employee benefits

The liabilities for earned leave are measured and provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method. Remeasurement gains or losses are recognised in Statement of Profit and Loss in the period in which they arise.

K. Borrowing Costs

Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation. All other borrowing costs are expensed in the period in which they are incurred. Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

L. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the post tax effect of finance costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the issue of all dilutive potential equity shares.

M. Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short term deposits with remaining maturity of 12 months or less, which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

N. Cash Dividend to Equity Shareholders

The Company recognises a liability to make distribution of cash dividend to equity shareholders of the Company when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

O. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of time value of money is material, provisions are measured at present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense.

P. Contingent Liabilities and Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are not recognised in the financial statements.

Q. Segment Reporting

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

R. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

S. Recent applicable Accounting pronouncements

Amendment to Ind AS issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7, 'Statement of cash flows'. The amendment is applicable to the Company for the reporting period beginning April 1st, 2017.

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

NOTES TO THE FINANCIAL STATEMENTS

4A : Property Plant and Equipment

(₹ in million)

	Gross Carrying Value				Depreciation/Amortisation				Net Carrying Value
	As at 01.04.16	Additions	Sale/ Disposal	As at 31.03.17	As at 01.04.16	Additions	Sale/ Disposal	As at 31.03.17	As at 31.03.17
Land & Site Development :									
Freehold	701.00	—	—	701.00	—	—	—	—	701.00
Leasehold	797.80	—	—	797.80	11.18	11.22	—	22.40	775.40
Buildings	676.56	26.10	1.61	701.05	30.88	31.88	0.22	62.54	638.51
Plant & Equipment	1,592.79	140.74	26.67	1,706.86	150.13	144.38	14.13	280.38	1,426.48
Furniture & Fixtures	65.14	4.10	0.62	68.62	10.01	10.14	0.05	20.10	48.52
Vehicles & Fork Lifts	10.68	11.82	2.62	19.88	2.01	2.22	0.96	3.27	16.61
Office Equipment	8.66	5.82	0.12	14.36	2.55	2.57	0.04	5.08	9.28
Total	**3,852.63**	**188.58**	**31.64**	**4,009.57**	**206.76**	**202.41**	**15.40**	**393.77**	**3,615.80**

	Gross Carrying Value				Depreciation/Amortisation				Net Carrying Value
	As at 01.04.15	Additions	Sale/ Disposal	As at 31.03.16	As at 01.04.15	Additions	Sale/ Disposal	As at 31.03.16	As at 31.03.16
Land & Site Development :									
Freehold	701.00	—	—	701.00		—	—	—	701.00
Leasehold	797.80	—	—	797.80		11.18	—	11.18	786.62
Buildings	652.27	27.15	2.86	676.56		31.04	0.16	30.88	645.68
Plant & Equipment	1,422.76	187.66	17.63	1,592.79		152.65	2.52	150.13	1,442.66
Furniture & Fixtures	64.54	0.67	0.07	65.14		10.01	—	10.01	55.13
Vehicles & Fork Lifts	10.42	1.30	1.04	10.68		2.14	0.13	2.01	8.67
Office Equipment	6.47	2.26	0.07	8.66		2.55	—	2.55	6.11
Total	**3,655.26**	**219.04**	**21.67**	**3,852.63**	—	**209.57**	**2.81**	**206.76**	**3,645.87**

4B : Intangible Assets

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.16	Additions	Sale/ Disposal	As at 31.03.17	As at 01.04.16	Additions	Sale/ Disposal	As at 31.03.17	As at 31.03.17
Computer Software	4.52	1.88	—	6.40	0.51	1.91	—	2.42	3.98

	Gross Carrying Value				Depreciation/Amortisation				Net Carrying Value
	As at 01.04.15	Additions	Sale/ Disposal	As at 31.03.16	As at 01.04.15	Additions	Sale/ Disposal	As at 31.03.16	As at 31.03.16
Computer Software	0.31	4.21	—	4.52		0.51	—	0.51	4.01

NOTES TO THE FINANCIAL STATEMENTS

5 : Investments

(₹ in million)

	Face Value Rs.	31st March 2017		31st March 2016		1st April 2015	
		Nos.	Amount	Nos.	Amount	Nos.	Amount
(A) Non Current Investment							
Investments at Cost							
Equity Shares, Fully Paid (Unquoted) In Subsidiary Companies							
Pipri Ltd.	10	4,650,550	48.01	4,650,550	48.01	4,650,550	48.01
APAG Holding AG, Switzerland	CHF 1000	300	423.14	300	423.14	300	423.14
Kanoria Africa Textiles PLC, Ethiopia (refer note no.41)	ETB 10	22,386,068	529.24	22,386,068	529.24	16,967,000	359.06
Total Investments at Cost			**1,000.39**		**1,000.39**		**830.21**
Investments at Amortised Cost							
Debenture/Bonds, Fully Paid (Unquoted)							
21% Wadhwagroup Holdings Private Limited	16,667	—	—	—	—	440	10.79
Total Investments at Amortised Cost			—		—		**10.79**
Investments at Fair Value through OCI							
Equity Shares, Fully Paid (Quoted)							
IFCI Ltd.	10	200	0.01	200	0.01	200	0.01
HDFC Bank Ltd.	2	2,500	3.61	2,500	2.68	2,500	2.56
Bank of India	10	9,000	1.25	9,000	0.87	9,000	1.76
Equity Shares, Fully Paid (Unquoted)							
Enviro Technology Ltd.	10	10,000	0.10	10,000	0.10	10,000	0.10
Bharuch Enviro Infrastructure Ltd.	10	1,400	0.01	1,400	0.01	1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.	50	5	0.00	5	0.00	5	0.00
Narmada Clean Tech Limited	10	822,542	8.23	822,542	8.23	822,542	8.23
Woodlands Multispeciality Hospital Limited	10	2,180	0.02	2,180	0.02	2,180	0.02
OPGS Power Gujarat Private Limited	0.1	—	—	186,200	0.04	186,200	0.04
Debentures/Bonds, Fully Paid (Quoted)							
8.48% NTPC Limited	1,000	—	—	31,665	35.41	31,665	34.66
8.48% India Infrastructure Finance Company Limited	1,000	—	—	—	—	100,000	109.50
8.5% National Highway Authority of India	1,000	100,000	117.95	100,000	112.15	100,000	109.73
8.68% National Housing Bank	5,000	10,000	59.78	10,000	56.82	10,000	55.66
11.6% ECL Finance Limited	1,000	—	—	—	—	50,000	50.00
12.95% Cholamandalam Investment & Finance Company Ltd.	500,000	—	—	—	—	100	52.02
11.9% India Infoline Finance Limited	1,000	—	—	—	—	59,749	60.28
12.75% India Infoline Finance Limited	1,000	—	—	—	—	50,000	52.25
11.85% Shriram City Union Finance Limited	1,000	—	—	—	—	35,122	35.44
8.46% Rural Electrification Corporation Ltd.	1,000,000	—	—	—	—	21	22.92
8.48% Indian Railway Finance Corporation Ltd.	1,000,000	—	—	—	—	50	54.74
Total Investments at Fair Value through OCI			**190.96**		**216.34**		**649.93**

NOTES TO THE FINANCIAL STATEMENTS

(₹ in million)

	Face Value Rs.	31st March 2017		31st March 2016		1st April 2015	
		Nos.	Amount	Nos.	Amount	Nos.	Amount
Investments at Fair Value through PL							
Preference Shares, Fully Paid (Quoted)							
16.06% Infrastucture Leasing & Financial services Limited	7,500	4,000	57.63	4,000	52.95	4,000	57.47
Mutual Funds (Quoted)							
ICICI Prudential FMP Sr.69-1821 Days Plan I-Comulative	10	—	—	5,000,000	63.52	5,000,000	58.90
HDFC FMP 1846 Days-Sr.27-Regular-Growth	10	—	—	10,000,000	129.50	10,000,000	120.26
HDFC FMP 3360 Days-Sr.30-Regular-Growth	10	5,000,000	61.54	5,000,000	55.51	5,000,000	50.72
L&T FMP-VII (April 1124 DA)-Growth	10	—	—	—	—	5,000,000	59.92
BSL Fixed Term Plan-Series IP (980 days)-Growth	10	—	—	—	—	5,000,000	57.30
ICICI Prudential Discovery Fund-Dividend Reinvest	10	1,327,365	41.23	1,206,447	34.17	1,108,202	35.88
ICICI Focused Bluechip Equity Fund-Regular Dividend	10	—	—	—	—	2,061,990	45.73
HDFC Small & Mid Cap Fund - Dividend Reinvest	10	—	—	—	—	1,660,874	34.12
HDFC Equity Fund - Dividend Reinvest	10	—	—	—	—	615,855	33.07
Reliance Vision Fund-Dividend	10	—	—	—	—	750,510	36.30
Alternative Investment Fund (Unquoted)							
IIFL Real Estate Fund (Domestic) Sr.1	16	485,955	7.79	485,955	8.35	485,955	35.04
IIFL Real Estate Fund (Domestic) Sr.2	10	9,313,812	100.92	9,313,812	100.92	1,426,966	14.28
IIFL Real Estate Fund (Domestic) Sr.3	10	10,000,000	106.02	10,000,000	100.01	—	—
IIFL Income Opportunities Fund	1	9,936,715	6.52	9,936,715	12.62	9,936,715	100.42
IIFL Income Opportunities Fund Series-Special Situations	8	4,776,976	45.89	4,776,976	53.26	2,721,410	28.15
IIFL Seed Venture Fund	10	1,663,948	23.62	681,300	7.50	—	—
ICICI Prudential Real Estate AIF-II	100	373,935	40.65	373,935	37.57	—	—
Chiratae Trust	100,000	40	3.25	20	1.48	—	—
Equity Fund (Unquoted)							
IIFL Assets Revival Fund	10	—	—	—	—	3,865,706	73.44
IIFL Assets Revival Fund 2	10	4,523,997	59.68	2,500,000	25.00	—	—
IIFL National Development Agenda Fund	8	4,922,035	61.62	4,922,035	53.02	4,922,035	57.44
Total Investments at Fair Value through PL			**616.36**		**735.38**		**898.44**
Total Non Current Investments (A)			**1,807.71**		**1,952.11**		**2,389.37**

NOTES TO THE FINANCIAL STATEMENTS

(₹ in million)

	Face Value Rs.	31st March 2017		31st March 2016		1st April 2015	
		Nos.	Amount	Nos.	Amount	Nos.	Amount
(B) Current Investment							
Investments at Amortised Cost							
Debenture/Bonds, Fully Paid (Unquoted)							
21% Wadhwa group Holdings Private Limited	16,667	—	—	—	—	440	36.67
19% Shambhavi Realty Private Limited	66,680	—	—	—	—	500	34.98
18% Eldeco Sohna Project Ltd.	3,000,000	—	—	—	—	6	18.00
Total Investments at Amortised Cost			—		—		**89.65**
Investments at Fair Value through PL							
Preference Shares, Fully Paid (Quoted)							
8.75% L&T Finance Holdings Limited	100	—	—	—	—	913,130	91.65
Mutual Funds (Quoted)							
L&T FMP-VII (April 1124 DA)-Growth	10	—	—	5,000,000	65.31	—	—
BSL Fixed Term Plan-Series IP (980 days)-Growth	10	—	—	5,000,000	61.99	—	—
Mutual Funds (Unquoted)			—		—		
BSL Floating Rate Fund-STP-Growth	100	142,507	30.82	765,995	154.27	245,187	45.63
Total Investments at Fair Value through PL			**30.82**		**281.57**		**137.28**
Total Current Investments (B)			**30.82**		**281.57**		**226.93**

	Non-Current	Current	Non-Current	Current	Non-Current	Current
Aggregate book value of quoted investments	343.00	—	543.59	127.30	1,231.20	91.65
Aggregate market value of quoted investments	343.00	—	543.59	127.30	1,231.20	91.65
Aggregate value of unquoted investments	1,464.71	30.82	1,408.52	154.27	1,158.17	135.28

NOTES TO THE FINANCIAL STATEMENTS

6 : Loans

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	Non -Current	Current	Non -Current	Current	Non -Current	Current
(Unsecured considered good) Loans to a related party						
Loan to Subsidiary	692.12	42.83	531.90	28.58	276.25	21.55
Other Loans						
Loan to Employees	0.64	1.23	0.59	1.53	0.75	1.89
Total Loans	**692.76**	**44.06**	**532.49**	**30.11**	**277.00**	**23.44**

7 : Other Financial Assets

Security Deposits (Unsecured considered good)	16.55	1.00	16.76	1.08	17.10	-
Interest and Dividend Receivable	-	34.15	-	13.94	-	35.09
Interest and fees Receivable from related parties	-	39.12	-	12.02	-	10.28
Total Other Financial Assets	**16.55**	**74.27**	**16.76**	**27.04**	**17.10**	**45.37**

8 : Other Assets

(a) Capital Advances	38.03	-	4.03	-	23.36	-
(b) Advances other than Capital Advances						
(i) Other Advances	0.29	27.61	0.90	31.96	1.20	17.11
(ii) Export Benefits and Claims Receivable	-	123.62	-	218.29	-	177.10
(iii) Balance with Central Excise and other Government Authorities	-	82.80	-	68.25	-	99.29
Total Other Assets	**38.32**	**234.03**	**4.93**	**318.50**	**24.56**	**293.50**

9 : Inventories

(At lower of cost and net realisable value)						
Raw Materials		151.85		123.11		129.29
Raw Materials in transit		-		30.94		109.97
Work-in-Progress		7.21		9.18		15.62
Finished Goods		115.57		48.57		62.55
Stores & Spare Parts		47.93		58.45		59.19
Total Inventories		**322.56**		**270.25**		**376.62**

10 : Trade Receivables

Secured, considered good		-		-		-
Unsecured, considered good		551.91		414.81		395.72
Doubtful		-		-		0.07
Less : Allowance for doubtful receivables		-		-		(0.07)
Total Trade Receivables		**551.91**		**414.81**		**395.72**

NOTES TO THE FINANCIAL STATEMENTS

11A : Cash and cash equivalent

Balances with banks:						
On Current Accounts		5.57		47.24		5.14
Cheques on hand		-		-		0.02
Cash on hand		0.31		0.40		0.29
Total Cash and cash equivalent		**5.88**		**47.64**		**5.45**

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016:

(₹ in million)

Particulars	Specified Bank Notes (SBN)	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	0.34	0.06	0.40
(+) Permitted receipts	-	1.62	1.62
(-) Permitted payments	-	1.32	1.32
(-) Amount deposited in Banks	0.34	-	0.34
Closing cash in hand as on 30.12.2016	-	0.36	0.36

11B : Other bank balances

(₹ in million)

	31st March 2017	31st March 2016	1st April 2015
Earmarked balances with Banks (Unpaid Dividend Account)	5.34	5.06	4.77
Bank deposits (held as security against the borrowings)	370.15	370.36	10.61
Total other bank balances	**375.49**	**375.42**	**15.38**

12 : Current Tax Assets

(₹ in million)

Income Tax Payments and Tax Deducted at Source less Provision	214.20	182.54	256.43
Total Current Tax Assets	**214.20**	**182.54**	**256.43**

13 : Equity Share Capital

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
(a) Authorised Share Capital						
Equity Shares of Rs. 5 each	100,000,000	500.00	100,000,000	500.00	100,000,000	500.00
(b) Issued, Subscribed and Fully Paid						
Equity Shares of Rs. 5 each	43,693,333	218.47	43,693,333	218.47	43,693,333	218.47
Add: Forfeited Shares (Amount paid up)		0.02		0.02		0.02
Total		**218.49**		**218.49**		**218.49**

NOTES TO THE FINANCIAL STATEMENTS

(c) Terms/rights attached to Equity Shares

The Company has only one class of issued shares i.e. Equity Share having par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

(d) Shares held by holding company

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Vardhan Limited	26,133,872	130.67	26,133,872	130.67	26,133,872	130.67

(e) Details of shareholders holding more than 5% shares in the company

(₹ in million)

Name of the Shareholder	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Vardhan Limited	26,133,872	59.81	26,133,872	59.81	26,133,872	59.81
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35	3,210,120	7.35

(f) Shares reserved for issue under options

No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

(g) The Company, during the year 2012-13, had bought back 12,603,167 Equity Shares of Rs. 5 each.

(h) None of the securities are convertible into shares at the end of the reporting period.

(i) No calls are unpaid by any Director or Officer of the Company during the year.

14 : Other Equity

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
Capital Reserve						
As per last Balance Sheet		34.17		34.17		34.17
Capital Redemption Reserve						
As per last Balance Sheet		72.69		72.69		72.69
Securities Premium Reserve						
As per last Balance Sheet		161.50		161.50		161.50
Retained Earnings						
As per last Balance Sheet	5,524.41		5,437.32			
Add : Profit for the year	187.20		169.88			
Add : Acturial gain/(loss) on defined benefit obligations	(4.26)		(4.15)			
Less : Dividend (Refer Note 33)	(65.54)		(65.54)			
Less : Tax on Dividend (Refer Note 33)	(13.34)	5,628.47	(13.10)	5,524.41		5,437.32
Other Comrehensive Income (OCI)						
As per last Balance Sheet	22.57		39.02			
Add : Movement in OCI (Net) during the year	5.75	28.32	(16.45)	22.57		39.02
Total Other Equity		**5,925.15**		**5,815.34**		**5,744.70**

NOTES TO THE FINANCIAL STATEMENTS

15 : Non Current Borrowings

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	Non -Current	Current	Non -Current	Current	Non -Current	Current
Term Loan						
From Bank (Secured)						
Foreign Currency Loan from a Bank	289.36	155.73	476.17	205.60	285.66	187.99
Amount Disclosed under Other Financial Liabilities (Refer Note 16)		(155.73)		(205.60)		(187.99)
Total Non Current Borrowings	**289.36**		**476.17**		**285.66**	

(a) Loan of Rs.97.84 million is secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Ankleshwar & Vizag Division, both present and future, repayable on 1st June, 2017. This loan carries interest at 3MSIBOR plus 150 bps.

(b) Loan of Rs.347.25 million is secured by fixed deposit of of Rs. 359.70 million, repayable in six half yearly instalments beginning from 29th March, 2018. This loan carries interest at EURIBOR/USD LIBOR plus 105 bps.

16 : Other Financial Liabilities

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	Non -Current	Current	Non -Current	Current	Non -Current	Current
Current maturities of Long term debts	-	155.73	-	205.60	-	187.99
Interest accrued but not due on borrowings	-	1.08	-	1.22	-	1.47
Security Deposit	-	5.14	-	5.45	-	3.54
Project liabilities	-	45.27	-	27.85	-	4.52
Unpaid Dividend	-	5.34	-	5.05	-	4.77
Employee related liabilities	-	15.46	-	20.13	-	17.94
Other liabilities	14.85	27.16	7.67	42.47	-	16.34
Total Other Financial Liabilities	**14.85**	**255.18**	**7.67**	**307.77**	**-**	**236.57**

17 : Provisions

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	Non -Current	Current	Non -Current	Current	Non -Current	Current
Provision for Gratuity	57.66	10.08	46.37	11.73	44.33	2.95
For Accrued Leave	-	16.03	-	13.90	-	11.24
Total Provisions	57.66	26.11	46.37	25.63	44.33	14.19

NOTES TO THE FINANCIAL STATEMENTS

18 : Income Tax

A. Deferred Tax

(₹ in million)

	31st March 2017	31st March 2016	1st April 2015
Deferred Tax Liability			
Timing Difference on Depreciable Assets	662.11	656.50	647.30
Fair Value of Investments	9.20	3.85	6.45
Others	0.48	1.35	2.00
Deferred Tax Assets			
MAT Credir entitlement	114.85	-	-
Unabsorbed Business Losses	3.16	-	-
Expenses relating to Retirement Benefits	28.99	24.91	20.25
MTM Adjustment on Forward Contracts	2.74	1.87	-
Net Deferred Tax Liabilities	**522.05**	**634.92**	**635.50**

B. Reconciliation of tax expense on the accounting profit for the year

Profit before income tax	90.99	223.27	
At India's statutory Income tax rate of 34.608%	31.49	77.27	
Tax effect on non-dedutable expenses	1.18	1.81	
Effect of income that is exempted from tax	(24.96)	(11.82)	
Effect of income which is taxed at special rate	(4.05)	(1.16)	
Tax expense for earlier years	-	2.08	
MAT credit entitlement for earlier years	(99.87)	(14.79)	
Income tax expense reported in the statement of profit and loss	(96.21)	53.39	

19 : Current Borrowings

(₹ in million)

	31st March 2017	31st March 2016	1st April 2015
(A) Loans Repayable on Demand (Secured)			
From Banks*	67.10	-	19.24
(B) Buyer's Credit (Secured)			
From Banks#	255.41	130.64	271.25
(B) Commercial Papers (Unsecured)			
From Banks	400.00	400.00	250.00
Total Current Borrowings	**722.51**	**530.64**	**540.49**

*Secured by pari-passu first charge by way of hypothecation of entire current assets of the company, both present & future.

Rs. 76.43 million (31st March 2016 - Rs. 110.37 million) is secured by Pari-passu first charge by way of hypothecation of entire current assets of the Company, both present & future and Rs. 178.98 million is secured against hypothecation by way of a subservient charge on all current assets and movable fixed assets of Ankleshwar plant. (31st March 2016 - Rs. 20.27 million is secured by pledge of units of mutual funds of Rs. 100.00 million)

NOTES TO THE FINANCIAL STATEMENTS

20 : Trade Payable

(₹ in million)

	31st March 2017	31st March 2016	1st April 2015
Trade Payable			
Total outstanding dues of Micro and small enterprises	-	-	-
Total outstanding dues of creditors other than Micro and small enterprises	253.68	183.06	282.76
Total Trade Payables	**253.68**	**183.06**	**282.76**

Note : There are no Micro, Small & Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2017. This information required to be disclosed under the Micro, Small & Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

21 : Other Current Liabilities

(₹ in million)

Statutory liabilities	6.26	9.39	5.45
Customers' Credit Balances	2.19	1.61	1.95
Total Other Current Liabilities	**8.45**	**11.00**	**7.40**

22 : Revenue from Operations

(₹ in million)

	31st March 2017	31st March 2016
(a) Sale of Products		
Manufactured products	3,099.44	3,167.51
Traded products	31.40	17.09
Total Sale	**3,130.84**	**3,184.60**
(b) Other Operating Revenues	142.87	113.18
Total Revenue from Operations	**3,273.71**	**3,297.78**

23 : Other Income

Interest Income		
On long term Investments	37.40	73.51
From Others	32.36	39.46
From related parties	22.40	12.40
Dividend Income	9.77	25.15
Net gain on Sale of Investments	21.50	4.86
Fair value gain on financial instruments	58.26	10.49
Rent Income	1.65	0.57
Foreign Exchange Rate Fluctuation	-	37.15
Other non operating income	43.36	7.46
Total Other Income	**226.70**	**211.05**

NOTES TO THE FINANCIAL STATEMENTS

24 : Employee Benefits Expense

(₹ in million)

	31st March 2017	31st March 2016
Salaries, Wages, Bonus & Gratuity etc.	180.41	175.67
Contribution to Provident Fund	8.98	8.42
Welfare Expenses	16.46	15.24
Total Employess Benefits Expense	**205.85**	**199.33**

25 : Finance Costs

Interest expense	29.30	48.18
Bank/Finance charges	3.37	5.09
Exchange difference regarded as an adjustment to borrowing cost	-	54.28
Total Finance Cost	**32.67**	**107.55**

26 : Other Expenses

Consumption of Stores & Spare parts etc.	69.45	71.30
Other Manufacturing Expenses	18.29	23.66
Power & Fuel	234.92	277.20
Repairs to -		
Plant & Machinery	36.45	46.95
Buildings	1.70	4.24
Others	7.20	6.84
Water Charges & Cess	19.29	17.69
Rates & Taxes	6.65	4.42
Rent	7.39	6.87
Insurance	6.39	5.78
Legal and Professional Charges	28.54	15.83
Miscellaneous Expenses	43.33	36.74
CSR Expenditure	2.31	0.89
Foreign Exchange Rate Fluctuation	4.02	-
Commission & Brokerage to Others	10.02	8.56
Freight, Handling & Other Charges	38.25	39.11
Directors' Fees	1.54	1.55
Travelling Expenses	15.07	12.57
Directors' Remuneration	22.45	18.83
Provision for bad & doubtful Debts & Advances (net)	-	(0.07)
Unrealized Debts and Claims written off	1.55	0.56
Loss on Fixed Assets sold/discarded (Net)	0.84	0.95
Payment to Auditors	2.42	2.33
Fair Value Loss on Foreign exchange forward contracts	10.20	8.85
Total Other Expenses	**588.27**	**611.65**
Additional Information regarding Payment to Auditors		
(a) Statutory Auditors		
Audit Fees	0.80	0.80
For Certificates & Others	1.06	1.09
For Travelling and out of pocket expenses	0.16	0.13
(b) Cost Auditors		
Audit Fees	0.15	0.15
For Travelling and out of pocket expenses	0.10	0.03
(c) Tax Auditors		
Audit Fees	0.15	0.13
Total payment to Auditors	**2.42**	**2.33**

NOTES TO THE FINANCIAL STATEMENTS

27 : Exceptional Item

(₹ in million)

	31st March 2017	31st March 2016
Write down in the value of Renewable Energy Certificates on reduction in floor price as notified by the Central Electricity Regulatory Commission	184.17	-

28 : Other comprehensive income (OCI)

A. Items that will not be reclassified to Profit or Loss (PL) -		
1. Actuarial gain/(loss) on Defined Benefit Obligations	(6.51)	(6.34)
Income Tax Effect	2.25	2.19
2. Net gain/(loss) on FVTOCI Equity securities	1.31	(0.77)
Income Tax Effect	-	-
Net OCI not to be reclassified to PL in subsequent periods	**(2.95)**	**(4.92)**
B. Items that will be reclassified to Profit or Loss (PL) -		
1. Net gain/(loss) on FVTOCI debt securities	10.30	8.86
Income Tax Effect	(1.19)	(1.02)
2. (Gain)/loss transferred to PL upon Recycling of FVTOCI Debt Instruments	(5.28)	(26.59)
Income Tax Effect	0.61	3.07
Net OCI to be reclassified to PL in subsequent periods	**4.44**	**(15.68)**
Other Comprehensive Income for the year, net of tax	**1.49**	**(20.60)**

29 : Earnings per share (EPS)

Details for calculation of basic and diluted earning per share:		
Profit after tax as per Statement of Profit and Loss (Rs. In Mn)	187.20	169.88
Weighted average number of equity share	43,693,333	43,693,333
Basic and diluted earning per share (Rs.) (Face value Rs. 5 each)	4.28	3.89

30 : Commitments and contingencies

(i) Contingent Liabilities (a) Claims/Disputed liabilities not acknowledged as debt Excise Duty demands (paid Rs. 8.62 million)	17.84	6.60
Sales Tax demands (paid Rs. 0.43 million)	0.43	0.43
Income Tax demands (paid Rs. 55.54 million)	55.54	55.54
Other claims being disputed by the Company (paid Rs. 1.00 million)	4.19	4.19
(b) Outstanding Bank Guarantees	35.99	31.43
(ii) Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for	161.23	67.56
Advances paid	38.03	4.03

NOTES TO THE FINANCIAL STATEMENTS

31 : The Company has provided Corporate Guarantee to lenders for securing loans granted to its subsidiaries. An external valuer has carried out fair valuation of the said corporate guarantee which does not result into any additional liability. The details of Corporate Guarantees are as under :

(a) Corporate Guarantee equivalent to Rs. 1,426.45 million (Previous year Rs. 1,459.32 million) given to Export-Import Bank of India for securing loan of Kanoria Africa Textiles plc, Ethiopia (Outstanding loan US$ 21 million equivalent to Rs. 1,361.54 million)

(b) Corporate Guarantee equivalent to Rs. 276.99 million (Previous year Rs. 300.38 million) given to Ceskoslovenska obchodni banka, a.s.for securing loan of APAG Elektronik s.r.o, Czech Republic (Outstanding loan Euro 2.61 million equivalent to Rs. 180.94 million)

32: During the year, the Company undertook CSR activities as follows:

(₹ in million)

	31st March 2017	31st March 2016
Gross amount required to be spent by the Company during the year	2.31	0.59
Amount spent during the year on:		
Promotion of Education	1.85	0.89
Empowering women through employment enhancing skills	0.41	-
Preventive health care	0.05	-
	2.31	**0.89**

33 : Distribution made and proposed:

(₹ in million)

Cash dividends on equity shares declared and paid: Final dividend for the year ended on 31 March 2016 : INR 1.5 per share (31 March 2015: INR 1.5 per share)	65.54	65.54
DDT on final dividend	13.34	13.10
	78.88	**78.64**
Proposed dividends on Equity shares: Final cash dividend for the year ended on 31 March 2017: INR 1.5 per share (31 March 2016: INR 1.5 per share)	65.54	65.54
DDT on proposed dividend	13.34	13.34
	78.88	**78.88**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at 31st March 2017.

NOTES TO THE FINANCIAL STATEMENTS

34: Disclosures as required under Indian Accounting Standard 19 on "Employee Benefits"

A. Defined Benefit Plan

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans.

(₹ in million)

	31st March 2017	31st March 2016
	Gratuity	**Gratuity**
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	58.10	47.28
- Current Service Cost	3.64	3.53
- Interest Expense or Cost	4.53	3.55
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	1.43	(1.01)
experience variance	5.07	7.35
- Past Service Cost	-	-
- Effect of change in foreign exchange rates	-	-
- Benefits paid	(5.03)	(2.60)
- Acquisitions Adjustment	-	-
- Effect of business combinations or disposals	-	-
- Present Value of Obligation as at the end	67.74	58.10
2. Expenses recognised in the statement of Profit & Loss		
- Current Service Cost	3.64	3.53
- Interest Expense or Cost	4.53	3.55
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	-	-
experience variance		
- Past Service Cost	-	-
- Effect of change in foreign exchange rates-	-	-
- Acquisitions Adjustment	-	-
- Effect of business combinations or disposals		
Total	**8.17**	**7.08**
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	1.43	(1.01)
experience variance	5.07	7.35
Total	**6.50**	**6.34**
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annuam)	7.40%	7.80%
Salary growth rate (per annum)	7%	7%

NOTES TO THE FINANCIAL STATEMENTS

5. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

The impact of Sensitivity analysis on Defined Benefit Plan is given below:

(₹ in million)

Particulars	31st March 2017	31st March 2016
Discount rate increase by 1%	(64.30)	(55.04)
Discount rate decrease by 1%	71.65	61.53
Salary Growth rate increase by 1%	71.63	61.52
Salary Growth rate decrease by 1%	(64.25)	(55.00)

B. Defined Contribution Plan

The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Central Government and debit the same to statement of Profit and Loss. The provident fund set up by the employers, require interest shortfall to be met by the employers. The fund set up by the Company does not have existing deficit of interest shortfall. The amount debited to Statement of Profit and Loss towards Provident Fund contribution during the year was Rs. 8.98 million (previous year Rs. 8.42 million).

35. Details of Loans given, Investment made, Guarantees given and Security provided under Section 186 (4) of the Companies Act, 2013.

Corporate Guarantees given are disclosed in Note No. 31 to the Financial Statements.

Name of the Company	Relation	Nature	Purpose	31st March 2017	31st March 2016
Pipri Ltd.	Subsidiary	Investment in equity shares	Business	48.01	48.01
APAG Holding AG	Subsidiary	Investment in equity shares	Acquisition	423.14	423.14
Kanoria Africa Textiles Plc	Subsidiary	Investment in equity shares	To setup green field textile plant	705.05	705.05
APAG Holding AG	Subsidiary	Long Term Loans (Interest bearing)	Capital Expenditure, Working Capital and acquisition	450.11	488.12
Kanoria Africa Textiles Plc	Subsidiary	Long Term Loans (Interest bearing)	Capital Expenditure and Working Capital	280.10	43.79
Kanoria Africa Textiles Plc	Subsidiary	Pledge of shares of Kanoria Africa Textiles Plc	Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India	705.05	705.05

NOTES TO THE FINANCIAL STATEMENTS

36 : Related Party Disclosures

(i) List of related parties and relatives with whom transaction taken place:

Name of the Related Parties	Relationship
1. Vardhan Limited	Holding Company
2. Pipri Limited	Subsidiary Companies
3. Kanoria Africa Textiles PLC, Ethiopia	
4. APAG Holding AG, Switzerland	
5. APAG Elektronik AG, Switzerland	
6. APAG Elektronik s.r.o., Czech Republic	
7. CoSyst Control Systems GmbH, Germany	
8. APAG Elektronik LLC, USA	
9. APAG Elektronik S. De R.L. De C.V., Mexico	
10. APAG Services S. De R.L. De C.V., Mexico	
11. Mr. R. V. Kanoria - Chairman & Managing Director	Key Management Personnel (KMP)
12. Mr. S. V. Kanoria - Whole Time Director	
13. Mr. Amitav Kothari - Director	
14. Mr. H.K. Khaitan - Director	
15. Mr. Ravinder Nath - Director	
16. Mr. G. Parthasarathy - Director	
17. Mr. S. L. Rao - Director	
18. Mr. A. Vellayan - Director	
19. Mrs. M. Kanoria - Director	
20. Mr. T. D. Bahety - Whole Time Director*	
21. Mr. A. V. Kanoria	Relative of KMP
22. Mrs. V. Kanoria	
23. KPL International Limited	Enterprise over which KMP exercises significant influence
24. Kanoria Employees' Provident Fund Trust	Post Employment Benefit Plan entity

* Resigned on 27th May, 2016

NOTES TO THE FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(₹ in million)

Nature of Transaction	2016-17				2015-16			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Dividend Paid								
Vardhan Limited	39.20	-	-	-	39.20	-	-	-
Mr. R. V. Kanoria	-	0.65	-	-	-	0.65	-	-
Mr. S. V. Kanoria	-	0.83	-	-	-	0.83	-	-
Mr. A. Vellayan	-	0.02	-	-	-	0.02	-	-
Mrs. M. Kanoria	-	0.75	-	-	-	0.75	-	-
Mr. A. V. Kanoria	-	0.65	-	-	-	0.65	-	-
Directors' Fees								
Mr. Amitav Kothari	-	0.29	-	-	-	0.23	-	-
Mr. H.K. Khaitan	-	0.32	-	-	-	0.32	-	-
Mr. Ravinder Nath	-	0.17	-	-	-	0.17	-	-
Mr. G. Parthasarathy	-	0.17	-	-	-	0.24	-	-
Mr. S. L. Rao	-	0.16	-	-	-	0.25	-	-
Mr. A. Vellayan	-	0.05	-	-	-	0.05	-	-
Mrs. M. Kanoria	-	0.21	-	-	-	0.10	-	-
Mr. T. D. Bahety	-	-	-	-	-	0.01	-	-
Investments								
Kanoria Africa Textiles PLC	-	-	-	-	170.19	-	-	-
Loans & Advances Given *								
Kanoria Africa Textiles PLC	241.07	-	-	-	57.81	-	-	-
APAG Holding AG	(38.01)	-	-	-	352.73	-	-	-
Receipt towards Loans & Advances Repayment								
Kanoria Africa Textiles PLC	28.58	-	-	-	7.03	-	-	-
APAG Holding AG	-	-	-	-	140.83	-	-	-
Interest & Fees for the year								
Kanoria Africa Textiles PLC	43.27	-	-	-	0.58	-	-	-
APAG Holding AG	14.63	-	-	-	11.82	-	-	-
APAG Elektronik s.r.o.	2.45	-	-	-	2.98	-	-	-
Interest & Fees Received								
Kanoria Africa Textiles PLC	21.82	-	-	-	-	-	-	-
APAG Holding AG	8.46	-	-	-	12.47	-	-	-
APAG Elektronik s.r.o.	2.98	-	-	-	1.17	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(₹ in million)

Nature of Transaction	Name of the Related Parties				Name of the Related Parties			
	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity	Holding/ Subsidiary Companies	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit Plan entity
Remuneration								
Mr. R. V. Kanoria	-	14.70	-	-	-	12.92	-	-
Mr. S. V. Kanoria	-	5.16	-	-	-	4.89	-	-
Mr. T. D. Bahety	-	2.59	-	-	-	5.92	-	-
Mrs. V. Kanoria	-	2.66	-	-	-	2.37	-	-
Commission Paid								
KPL International Limited	-	-	2.43	-	-	-	2.02	-
Rent received								
KPL International Limited	-	-	0.58	-	-	-	0.55	-
Contribution during the year (includes Employees' share and contribution)								
Kanoria Employees' Provident Fund Trust	-	-	-	5.76	-	-	-	5.71
Balances as at 31st March								
Investments								
Kanoria Africa Textiles PLC	529.24	-	-	-	529.24	-	-	-
APAG Holding AG	423.14	-	-	-	423.14	-	-	-
Loans & Advances								
Kanoria Africa Textiles PLC	284.85	-	-	-	72.36	-	-	-
APAG Holding AG	450.11	-	-	-	488.12	-	-	-
Interest and fees Receivable								
Kanoria Africa Textiles PLC	22.04	-	-	-	0.58	-	-	-
APAG Holding AG	14.63	-	-	-	8.46	-	-	-
APAG Elektronik s.r.o.	2.45	-	-	-	2.98	-	-	-
Remuneration								
Mr. S. V. Kanoria	-	-	-	-	-	0.46	-	-
Mrs. V. Kanoria	-	0.26	-	-	-	0.23	-	-
Maximum amount outstanding during the year Investments								
Kanoria Africa Textiles PLC	529.24	-	-	-	529.24	-	-	-
APAG Holding AG	423.14	-	-	-	423.14	-	-	-
Loans & Advances								
Kanoria Africa Textiles PLC	314.11	-	-	-	72.36	-	-	-
APAG Holding AG	488.12	-	-	-	488.12	-	-	-

* Includes foreign exchange rate fluctuation

NOTES TO THE FINANCIAL STATEMENTS

37 : Segment Information

For management purposes, the Company is organised into business units based on its products and services and has following reportable segments:

I. Alco Chemicals **II. Solar Power**

(A) Primary Segment information (by Business segment)

(₹ in million)

Business Segment	Year ended 31st March 2017			Year ended 31st March 2016		
	Alco Chemicals	Solar Power	Total	Alco Chemicals	Solar Power	Total
Segment Revenue Revenue from operations	3,146.79	126.92	3,273.71	3,171.10	126.68	3,297.78
Segment Result	165.20	68.33	233.53	170.00	65.55	235.55
Less: (i) Finance Cost			32.67			107.55
(ii) Exceptional items			184.17			-
(iii) Un-allocable expenditure net off Un-allocable income			(74.30)			(95.27)
Profit before Tax			90.99			223.27
Tax Expense			(96.21)			53.39
Net Profit:			**187.20**			**169.88**
Segment Assets	4,461.48	376.26	4,837.74	4,080.95	549.68	4,630.63
Un-allocable Corporate Assets			3,455.75			3,626.43
Total Assets:			**8,293.49**			**8,257.06**
Segment Liabilities	759.05	5.08	764.13	750.88	15.01	765.89
Un-allocable Corporate Liabilities			1,385.72			1,457.34
Total Liabilities:			**2,149.85**			**2,223.23**
Other Disclosures Capital Expenditure	294.16	0.06	294.22	366.83	0.67	367.50
Un-allocable Capital Expenditure			8.38			1.10
Total Capital Expenditure:			**302.60**			**368.60**
Depreciation & Amortization	154.43	41.18	195.61	159.97	41.15	201.12
Un-allocable Depreciation			8.71			8.96
Total Depreciation & Amortization:			**204.32**			**210.08**

(B) Secondary Segment information

Not applicable, as all the plants of the Company are located in India and Exports does not constitute 10% or more of total Segment Revenue.

(C) Other Disclosures

Basis of pricing inter/Intra segment transfer and any change therein: At prevailing market-rate at the time of transfers.

Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company.

Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde, Hexamine and Resin etc. and Solar Power business includes Power generation from Solar energy.

NOTES TO THE FINANCIAL STATEMENTS

38 : Category-wise classification of Financial Instruments

(₹ in million)

	Refer Note	Non Current			Current		
		31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Financial Assets							
Measured at cost							
Investments	5A	1,000.39	1,000.39	830.21	-	-	-
Measured at amortised cost							
Investments	5A & B	-	-	10.79	-	-	89.65
Trade Receivables	10	-	-	-	551.91	414.81	395.72
Cash and cash equivalents	11A	-	-	-	5.88	47.64	5.45
Other Bank balances	11B	-	-	-	375.49	375.42	15.38
Loans	6	692.76	532.49	277.00	44.06	30.11	23.44
Other Financial Assets	7	16.55	16.76	17.10	74.27	27.04	45.37
Measured at fair value through profit or loss							
Investments	5A & B	616.36	735.38	898.44	30.82	281.57	137.28
Measured at fair value through other comprehensive income							
Investments	5A	190.96	216.34	649.93	-	-	-
Total Financial Assets		**2,517.02**	**2,501.36**	**2,683.47**	**1,082.43**	**1,176.59**	**712.29**
Financial Liabilities							
Measured at amortised cost							
Borrowings	15 & 19	289.36	476.17	285.66	722.51	530.64	540.49
Trade Payables	20	-	-	-	253.68	183.06	282.76
Other Financial Liabilities	16	-	-	-	252.15	306.59	236.57
Measured at fair value through profit or loss							
Other Financial Liabilities	16	14.85	7.67	-	3.03	1.18	-
Total Financial Liabilities		**304.21**	**483.84**	**285.66**	**1,231.37**	**1,021.47**	**1,059.82**

NOTES TO THE FINANCIAL STATEMENTS

39 : Fair Value Measurements of Financial Instruments

The following table provides fair value measurement hierarchy of the Company's financial assets and liabilities:

(₹ in million)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2017		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss			
Quoted Preference shares	57.63	-	-
Quoted Mutual funds	102.77	-	-
Unquoted Mutual funds	-	30.82	-
Unquoted Alternate Investment funds	-	334.66	-
Unquoted Equity funds	-	121.30	-
Financial assets measured at fair value through other comprehensive income			
Quoted Equity Shares	4.87	-	-
Unquoted Equity Shares	-	-	8.36
Quoted Debentures/Bonds	177.73	-	-
Financial liabilities measured at fair value through profit or loss			
Forward Exchange contract (Net)	17.88	-	-

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2016		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss			
Quoted Preference shares	52.95	-	-
Quoted Mutual funds	410.00	-	-
Unquoted Mutual funds	-	154.27	-
Unquoted Alternate Investment funds	-	321.71	-
Unquoted Equity funds	-	78.02	-
Financial assets measured at fair value through other comprehensive income			
Quoted Equity Shares	3.56	-	-
Unquoted Equity Shares	-	-	8.40
Quoted Debentures/Bonds	204.38	-	-
Financial liabilities measured at fair value through profit or loss			
Forward Exchange contract (Net)	8.85	-	-

Financial assets/financial liabilities	Fair value hierarchy as at 1st April 2015		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss			
Quoted Preference shares	149.12	-	-
Quoted Mutual funds	532.20	-	-
Unquoted Mutual funds	-	45.63	-
Unquoted Alternate Investment funds	-	177.89	-
Unquoted Equity funds	-	130.88	-
Financial assets measured at fair value through other comprehensive income			
Quoted Equity Shares	4.33	-	-
Unquoted Equity Shares	-	-	8.40
Quoted Debentures/Bonds	637.20	-	-

NOTES TO THE FINANCIAL STATEMENTS

Financial Instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

40 : Financial Risk Management - Objectives and Policies

The company's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances and loans.

The Company is exposed to market risk and credit risk. The Company has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Company. The Risk management committee provides assurance to the Company's management that the Company's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTOCI investments, FVTPL investments, trade payables, trade receivables, etc.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a foreign currency exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigtion measures. The Company enters into forward exchange contracts against its foreign currency exposure relating to recognised underlying liabilities and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, Euro and SGD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

(₹ in million)

	31st March 2017			31st March 2016		
	USD	Euro	SGD	USD	Euro	SGD
Foreign Currency Receivable/ (Payable) (Net)	341.85	184.77	(98.21)	83.09	181.20	(312.04)
Depreciation in Indian Rupees	5%	5%	5%	5%	5%	5%
Effect on Profit before Tax	17.09	9.24	(4.91)	4.15	9.06	(15.60)
Appreciation in Indian Rupees	5%	5%	5%	5%	5%	5%
Effect on Profit before Tax	(17.09)	(9.24)	4.91	(4.15)	(9.06)	15.60

(b) Commodity price risks

The company is affected by the price volatility of methanol, one of its major raw material. Its operating activities require a continuous supply of methanol. The Company monitors price and demand/supply sitution on continuous basis and advises the management of any material adverse effect on the Company and for taking risk mitigtion measures.

Commodity price sensitivity

The following table shows the effect of price changes in Methanol on Profit before Tax, with all other variable held constant:

(₹ in million)

	31st March 2017			31st March 2016		
Consumption of Methanol		1395.35			1317.30	
Price change	+ 5%		-5%	+ 5%		-5%
Effect on Profit before Tax	(69.77)		69.77	(65.87)		65.87

NOTES TO THE FINANCIAL STATEMENTS

(c) Equity price risks

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Company's management on a regular basis.

Equity price sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares (other than that in subsidiaries), quoted preference shares, quoted and unquoted equity mutual funds, unquoted alternative investment funds and unquoted equity funds.

(₹ in million)

	31st March 2017			31st March 2016		
Investment		568.05			498.81	
Price change	+ 5%		-5%	+ 5%		-5%
Effect on Profit before Tax	28.40		(28.40)	24.94		(24.94)

(ii) Credit riks

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Company does not hold collateral as security. The Company has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

(iii) Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

(₹ in million)

	Less than 1 year	Between 1 to 5 year	Total	Carrying value
As at 31st March, 2017				
Borrowings (refer note 15 & 19)	878.42	289.36	1,167.78	1,167.60
Trade payable (refer note 20)	253.68	-	253.68	253.68
Other financial liabilities (refer note 16)	99.45	14.85	114.30	114.30
As at 31st March, 2016				
Borrowings (refer note 15 & 19)	738.16	476.35	1,214.51	1,212.41
Trade payable (refer note 20)	183.06	-	183.06	183.06
Other financial liabilities (refer note 16)	102.17	7.67	109.84	109.84
As at 31st March, 2015				
Borrowings (refer note 15 & 19)	732.34	287.76	1,020.10	1,014.14
Trade payable (refer note 20)	282.76	-	282.76	282.76
Other financial liabilities (refer note 16)	48.58	-	48.58	48.58

NOTES TO THE FINANCIAL STATEMENTS

41: Capital Management

The Company's objective when managing capital (defined as net debt and equity) are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Company. The Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

42: Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

(i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Equity Investments measured at FVTOCI

The company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclabe to PL.

(b) Business Model for Investment of Debt Instruments

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset . Such financial assets have been accordingly classified and measured at FVTOCI.

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows . Such financial assets have been accordingly classified and measured at amortised cost.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

(b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

(c) Depreciation / amortisation and useful lives of property plant and equipment / intangible assets

Property, plant and equipment / intangible assets are depreciated / amortised over their estimated useful lives, after taking into account estimated residual value. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation / amortisation for future periods is revised if there are significant changes from previous estimates.

(d) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices and their impact on markets and prices for upgraded products, development in demand, inflation, operating expenses and tax and legal systems. The Company uses internal business plans, quoted market prices and the Company's best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter. The Company does not include a general growth factor to volumes or cash flows for the purpose of impairment tests, however, cash flows are generally increased by expected inflation and market recovery towards previously observed volumes is considered.

(e) Taxes

The Company calculates income tax expense based on reported income. Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax basis that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned tax optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

43: First-time adoption of Ind AS

The financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Accounting Standards notified under Section 133 of the Act read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and other relevant provisions of the Act. This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP to that under Ind AS

Exemptions applied

Ind AS 101 - First-time adoption of Indian Accounting Standards, allows first-time adopters certain exemptions from the retrospective application and exemption from application of certain requirements of other Ind AS. The company has applied the following exemptions -

(i) The company has elected to measure all items of Property, plant and equipments at fair value at the date of transition to Ind AS. For the purpose of measurement upon transition the company regards the fair value as deemed cost at the transition date, viz., 1 April 2015.

(ii) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

(iii) The Company has elected to continue with the carrying value of investment in subsidiaries as recognied in its Indian GAAP financial statement as deemed cost, except for one subsidiary - Kanoria Africa Textiles plc, where it has elected to fair value the investment and treat that as deemed cost at the transition date, viz., 1 April 2015.

(iv) The Company has designated investment in equity instruments (other than investment in subsidairies) held at 1 April 2015 as fair value through Other Comprehensive Income (OCI) investments.

(v) The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

a). FVTOCI - quoted and unquoted equity shares　　b). FVTOCI - debt securities

c). Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET

As at 31st March 2016 and 1st April 2015.

(₹ in million)

	Foot-notes	As at 31st March 2016			As at 1st April 2015		
		Previous GAAP	Effect of Transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of Transition to Ind AS	As per Ind AS Balance Sheet
ASSETS							
Non-Current Assets							
(a) Property, Plant and Equipment	1	2,215.27	1,430.60	3,645.87	2,199.38	1,455.88	3,655.26
(b) Capital Work-in-Progress		153.01	-	153.01	7.65	-	7.65
(c) Other Intangible Assets		4.02	(0.01)	4.01	0.31	-	0.31
(d) Financial Assets			-	-	-	-	-
(i) Investments	2 & 3	2,043.84	(91.73)	1,952.11	2,408.99	(19.62)	2,389.37
(ii) Loans		532.48	0.01	532.49	277.00	-	277.00
(iii) Others	11	36.94	(20.18)	16.76	18.79	(1.69)	17.10
(e) Other Non-Current Assets	11	4.51	0.42	4.93	23.59	0.97	24.56
		4,990.07	**1,319.11**	**6,309.18**	**4,935.71**	**1,435.54**	**6,371.25**
Current Assets							
(a) Inventories		269.44	0.81	270.25	376.62	-	376.62
(b) Financial Assets		-	-	-	-	-	-
(i) Investments	3	254.05	27.52	281.57	226.50	0.43	226.93
(ii) Trade Receivables		414.81	-	414.81	395.72	-	395.72
(iii) Cash and Cash Equivalents		47.64	-	47.64	5.45	-	5.45
(iv) Bank Balances other than (iii) above		375.41	-	375.41	15.38	-	15.38
(v) Loans		30.12	-	30.12	23.44	-	23.44
(vi) Others		27.55	(0.51)	27.04	45.37	-	45.37
(c) Current Tax Assets (Net)		182.54	-	182.54	256.43	-	256.43
(d) Other Current Assets	9	317.94	0.56	318.50	292.95	0.55	293.50
		1,919.50	**28.38**	**1,947.88**	**1,637.86**	**0.98**	**1,638.84**
Total Assets		**6,909.57**	**1,347.49**	**8,257.06**	**6,573.57**	**1,436.52**	**8,010.09**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share Capital		218.49	-	218.49	218.49	-	218.49
Other Equity	1 to 6,8	4,812.43	1,002.91	5,815.34	4,678.32	1,066.38	5,744.70
Total Equity		**5,030.92**	**1,002.91**	**6,033.83**	**4,896.81**	**1,066.38**	**5,963.19**
Non-Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	8	476.35	(0.18)	476.17	287.76	(2.10)	285.66
(ii) Other financial liabilities	7	23.71	(16.04)	7.67	1.62	(1.62)	-
(b) Long Term Provisions	7	57.85	(11.48)	46.37	55.03	(10.70)	44.33
(c) Deferred Tax Liabilities (Net)	6	194.06	440.86	634.92	180.79	454.71	635.50
		751.97	**413.16**	**1,165.13**	**525.20**	**440.29**	**965.49**
Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		530.64	-	530.64	540.49	-	540.49
(ii) Trade Payables		183.06	-	183.06	282.76	-	282.76
(iii) Other financial liabilities	7.8	308.96	(1.19)	307.77	238.78	(2.21)	236.57
(b) Other Current Liabilities		11.00	-	11.00	7.40	-	7.40
(c) Provisions	5,7	93.02	(67.39)	25.63	82.13	(67.94)	14.19
		1,126.68	**(68.58)**	**1,058.10**	**1,151.56**	**(70.15)**	**1,081.41**
Total Liabilities		**1,878.65**	**344.58**	**2,223.23**	**1,676.76**	**370.14**	**2,046.90**
Total Equity and Liabilities		**6,909.57**	**1,347.49**	**8,257.06**	**6,573.57**	**1,436.52**	**8,010.09**

EFFECT OF IND AS ADOPTION ON THE STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2016

(₹ in million)

	Foot-notes	Previous GAAP	Effect of Transition to Ind AS	As per Ind AS
Income				
Revenue from operations	7	2,969.70	328.08	3,297.78
Other income	3,11	232.40	(21.35)	211.05
Total Income		**3,202.10**	**306.73**	**3,508.83**
Expenses				
Cost of raw materials and components consumed		1,793.38	-	1,793.38
Purchase of traded goods		16.41	-	16.41
Change in inventories of finished goods and work-in - progress		19.88	(0.80)	19.08
Excise duty on sale of goods	7	-	328.08	328.08
Employee benefits expenses	7,10	205.67	(6.34)	199.33
Depreciation and amortisation expenses		184.11	25.97	210.08
Finance costs	4,8	103.70	3.85	107.55
Other expenses	4,11	602.94	8.71	611.65
Total expenses		**2,926.09**	**359.47**	**3,285.56**
Profit/(loss) before tax		**276.01**	**(52.74)**	**223.27**
Tax expenses:				
1. Current tax		62.45	-	62.45
2. MAT		(14.79)	-	(14.79)
3. Deferred tax	6	13.28	(9.63)	3.65
4. For earlier years		2.08	-	2.08
Profit for the year		**212.99**	**(43.11)**	**169.88**
Other comprehensive income (OCI)				
A. Items that will not be reclassified to Profit or Loss (PL) -				
1. Actuarial gain/(loss) on Defined Benefit Obligations		-	(6.34)	(6.34)
Income Tax Effect		-	2.19	2.19
2. Net gain/(loss) on FVTOCI Equity securities		-	(0.77)	(0.77)
Income Tax Effect		-	-	-
Net OCI not to be reclassified to PL in subsequent periods		-	(4.92)	(4.92)
B. Items that will be reclassified to Profit or Loss (PL) -				
1. Net gain/(loss) on FVTOCI debt securities		-	8.86	8.86
Income Tax Effect		-	(1.02)	(1.02)
2. (Gain)/loss transferred to PL upon Recycling of FVTOCI Debt Instruments		-	(26.59)	(26.59)
Income Tax Effect		-	3.07	3.07
Net OCI to be reclassified to PL in subsequent periods		-	(15.68)	(15.68)
Other Comprehensive Income for the year, net of tax		**-**	**(20.60)**	**(20.60)**
Total Comprehensive Income for the year		**212.99**	**(63.71)**	**149.28**

FOOTNOTES TO THE RECONCILIATION OF EQUITY AS AT 1ST APRIL 2015 AND 31ST MARCH 2016 AND PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH 2016

This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

1. Property, Plant and Equipment

The Company has elected to measure all items of property, plant and equipment at fair value as deemed cost at the date of transition to Ind AS. Hence at the date of transition to Ind AS, an increase in the value was recognised in property, plant and equipment with a corresponding credit to retained earnings.

2. Investment in Subsidiary

The Company has decided to measure Investment in one of its Subsidiary - Kanoria Africa Textiles plc at Fair Value as deemed cost on the date of transition. The reduction in fair valuation has been credited in Investments with a corresponding impact taken to retained earnings.

3. Investments at Fair Value (FVTOCI and FVTPL financial assets)

Under Indian GAAP, the Company accounted for investments in quoted equity shares and long term investments in debt securities as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS and as on 31 March 2016, difference between the instrument's fair value and Indian GAAP carrying amount has been recognised in the OCI net of related deferred taxes.

Under Indian GAAP, the Company accounted for investments in unquoted equity shares, quoted preference shares, long term investments in mutual funds, alternate investment funds and equity funds as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS and as on 31 March 2016, difference between the instrument's fair value and Indian GAAP carrying amount has been recognised in Retained earnings and statement of profit and loss respecively.

The difference between amortised cost and the Indian GAAP carrying amount has been recognised in retained earnings for investments measured at amortised cost basis.

4. Derivative Instruments

The fair value of forward foreign exchange contracts is recognised under Ind AS, and was not recognised under Indian GAAP. The company was accounting for derivate contracts under the Indian GAAP using AS 11 - 'Effects of Changes in Foreign Exchange Rates'. The difference between the fair value and the Indian GAAP carrying amount has been recognised in retained earnings on the date of transition to Ind AS.

5. Dividend

Under Indian GAAP, proposed dividends including Dividend Distribution Taxes (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recorded for dividend has been derecognised against retained earnings on 1st April 2015.

6. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

FOOTNOTES TO THE RECONCILIATION OF EQUITY AS AT 1ST APRIL 2015 AND 31ST MARCH 2016 AND PROFIT OR LOSS FOR THE YEAR ENDED 31ST MARCH 2016

7. Re-classifications

The Company has made following reclassification as per the requirements of Ind-AS:

i). Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.

ii). Acturial gain/loss on long term employee benefit plans are re-classified from profit and loss to OCI.

iii). Under Previous GAAP revenue from sale was shown net of excise duty, whereas under Ind AS this includes excise duty.

8. Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

9. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

10. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

11. Security Deposit

The company has made a security deposit with a supplier as part of it's arrangement with the supplier. Under Indian GAAP, the deposit was carried at the transaction value in the company's books. However, under Ind AS the company has measured the deposit at it's fair value by taking time value of money over the life of the contract into consideration. The difference between the carrying value of the deposit under IGAAP and Ind AS has been adjusted as prepaid electricity charges which is being amortised on a straight line basis over the life of contract.

44. Figures for the previous year have been regrouped/rearranged, wherever found necessary.

Signature to Note 1 to 44

For and on behalf of the Board,

As per our report annexed
For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE CONSOLIDATED INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of **KANORIA CHEMICALS & INDUSTRIES LIMITED** (hereinafter referred to as "the Company") and its subsidiaries (collectively referred to as 'the Group') comprising of the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the relevant rules issued thereunder. The respective Board of Directors / Management of the companies included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor's in terms of their report referred to in sub-paragraph (3) of the Other Matters paragraph below, other than the financial statements as certified by the management and referred to sub paragraph (4) of the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March 2017 and their consolidated loss (including other comprehensive income), their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTERS

1. The corresponding financial information of the Group as at and for the year ended March 31st, 2016 and the transition date opening balance sheet as at April 1st, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued Consolidated Financial Statements for the years ended March 31st, 2016 and March 31st, 2015, prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion in our audit report dated May 27th, 2016 and May 27th, 2015 respectively to the attached Consolidated Ind AS financial statements. These consolidated Ind AS financial statements have been adjusted for differences in accounting principles to comply with Ind AS and such adjustments on transition to Ind AS which has been approved by the Company's Board of Directors have been audited by us.

2. We did not audit the financial statements of Pipri Ltd., an Indian subsidiary, whose financial statements reflect total assets of Rs. 164.64 million as at 31st March 2017, net assets of Rs.163.47 million, total revenues of Rs. 19.34 million and net cash outflow of Rs 1.02 million for the year ended on that date, as considered in the statements. The financial statement have been audited by other auditor whose report has been furnished to us by the management. These audited financial statements have not been prepared in accordance with Indian Accounting Standards, as the subsidiary is Non Banking Financial Company. These Financial Statement have been adjusted for difference in accounting principle to comply with the Ind AS financial Statement by the management of the Company. We have audited these Ind AS conversion adjustments made by the Company's management. Our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

3. We did not audit the consolidated financial statement of APAG Holding AG and financial Statement of Kanoria Africa Textiles PLC, the foreign subsidiaries whose financial statements reflect total assets of Rs. 5,135.49 million as at 31st March 2017, net assets of Rs. 281.86 million total revenues of Rs. 4,115.01 million and net cash inflow of Rs. 18.45 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These consolidated financial statement/financial statements/financial information are audited as per the local law of the respective countries. The Company's management has converted the financial statements of these foreign subsidiaries from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India so as to comply with the Ind AS compliant financial statement. We have audited these conversion adjustments made by the Company's management. Our opinion on the consolidated financial statements in so far as it relates to the amounts included in respect of these foreign subsidiaries, is based solely on such financial statement /financial information which have been converted into Ind AS financial statement by the management and have been audited by us.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

b. in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. the consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d. in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

e. on the basis of the written representations received from the directors of the Holding Company as on March 31st, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

INDEPENDENT AUDITOR'S REPORT

f. with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure 'A'; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. the consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group – Refer Note No. 30 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts; and

iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India except for Rs. 0.55 million which is held in abeyance due to pending legal cases.

iv. In the consolidated financial statements, holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 by the Company and its subsidiary incorporated in India has been requisitely disclosed, on the basis of information available with the Company. Based on the audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and its Subsidiary Company and produced to us by the Management and report of the other auditors - Refer Note No 11A.

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)
Partner
Membership No.66274

Place : New Delhi
Date : 30th May, 2017

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

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

We have audited the internal financial controls over financial reporting of **KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Holding Company")** and its subsidiary companies which are companies incorporated in India as of 31st March 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

For Singhi & Co.
Chartered Accountants
Firm's Registration No. 302049E

(Anurag Singhi)
Partner
Membership No.66274

Place : New Delhi
Date : 30th May, 2017

CONSOLIDATED BALANCE SHEET

As at 31st March 2017

(₹ in million)

Particulars	Notes	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
ASSETS				
Non-Current Assets				
(a) Property, Plant and Equipment	4A	6,922.49	4,594.27	4,495.15
(b) Capital Work-in-Progress		265.15	2,686.50	1,612.38
(c) Goodwill on Consolidation	4B	337.86	337.86	294.46
(d) Other Intangible Assets	4B	165.39	190.84	128.14
(e) Financial Assets				
(i) Investments	5	960.87	1,086.10	1,671.46
(ii) Loans	6	0.64	0.58	14.36
(iii) Others	7	22.52	16.76	17.10
(f) Other Non-Current Assets	8	40.35	20.94	117.35
Total Non-Current Assets		**8,715.27**	**8,933.85**	**8,350.40**
Current Assets				
(a) Inventories	9	1,028.95	804.25	758.44
(b) Financial Assets				
(i) Investments	5	41.08	288.99	248.96
(ii) Trade Receivables	10	1,144.10	876.91	747.45
(iii) Cash and Cash Equivalents	11A	157.43	181.75	332.32
(iv) Bank Balances other than above	11B	375.49	377.87	15.38
(v) Loans	6	1.26	4.36	5.14
(vi) Others	7	35.72	20.30	41.67
(c) Current Tax Assets (Net)	12	328.87	182.36	254.96
(d) Other Current Assets	8	400.29	577.60	519.18
Total Current Assets		**3,513.19**	**3,314.39**	**2,923.50**
Total Assets		**12,228.46**	**12,248.24**	**11,273.90**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	13	218.49	218.49	218.49
Other Equity	14	5,582.12	5,810.17	5,940.36
Equity attributable to equity holders of the parent		**5,800.61**	**6,028.66**	**6,158.85**
Non Controlling Interest		89.52	181.79	147.40
Total Equity		**5,890.13**	**6,210.45**	**6,306.25**
Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	15	2,656.48	2,663.21	1,840.61
(ii) Other financial liabilities	16	60.60	58.77	49.98
(b) Long Term Provisions	17	57.66	64.38	69.09
(c) Deferred Tax Liabilities (Net)	18A	657.69	656.74	652.97
Total Non-Current Liabilities		**3,432.43**	**3,443.10**	**2,612.65**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	19	1,116.09	1,265.32	961.16
(ii) Trade Payables	20			
Total outstanding dues of Micro and small enterprises		—	—	—
Total outstanding dues of others		914.11	501.31	608.46
(iii) Other financial liabilities	16	710.14	653.84	722.06
(b) Other Current Liabilities	21	115.42	140.39	44.36
(c) Provisions	17	50.14	33.83	18.96
Total Current Liabilities		**2,905.90**	**2,594.69**	**2,355.00**
Total Liabilities		**6,338.33**	**6,037.79**	**4,967.65**
Total Equity and Liabilities		**12,228.46**	**12,248.24**	**11,273.90**
Significant accounting policies	3			

The accompanying notes are an integral part of the Financial Statements.

As per our report annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2017

(₹ in million)

Particulars	Notes	For the year ended 31st March 2017	For the year ended 31st March 2016
INCOME			
Revenue from operations	22	7,337.36	5,979.37
Other income	23	258.29	168.38
Total Income		**7,595.65**	**6,147.75**
EXPENSES			
Cost of raw materials and components consumed		4,350.12	3,375.64
Purchase of stock-in-trade		29.42	16.41
Change in inventories of finished goods and work-in -progress		(64.37)	30.49
Excise duty on sale of goods		317.07	328.08
Employee benefits expenses	24	1,239.21	961.57
Depreciation and amortisation expenses	4A, 4B	454.55	343.21
Finance costs	25	201.92	139.54
Other expenses	26	1,200.21	966.85
Total expenses		**7,728.13**	**6,161.79**
Profit/(loss) before exceptional items and tax		**(132.48)**	**(14.04)**
Exceptional item	27	184.17	—
Profit/(loss) before tax		**(316.65)**	**(14.04)**
Tax expenses:			
Current tax		31.01	65.05
MAT Credit entitlement		(14.99)	(14.79)
MAT Credit entitlement for earlier years		(99.87)	—
Deferred tax		4.18	5.55
Tax for earlier years		(0.04)	2.08
Profit for the year		**(236.94)**	**(71.93)**
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	28A	(5.20)	(7.37)
(ii) Income-tax relating to items that will not be reclassified to profit & loss		2.25	2.19
B (i) Items that will be reclassified to Profit or Loss	28B	7.34	(16.17)
(ii) Income-tax relating to items that will be reclassified to profit & loss		(0.81)	1.87
Other comprehensive income for the year, net of tax		**3.58**	**(19.48)**
Total Comprehensive Income for the year		**(233.36)**	**(91.41)**
Profit/(loss) attributable to			
Owners of the company		(147.75)	(71.93)
Non-Controlling Interest		(89.19)	—
Other comprehensive income attributable to			
Owners of the company		3.58	(19.48)
Non-Controlling Interest		—	—
Total comprehensive income attributable to			
Owners of the company		(144.17)	(91.41)
Non-Controlling Interest		(89.19)	—
Earning per share (INR) - Basic & Diluted	29	(5.42)	(1.65)
Significant accounting policies	3		

The accompanying notes are an integral part of the Financial Statements.

As per our report annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2017

(₹ in million)

(A) Equity Share Capital	Year ended 31st March 2017			Year ended 31st March 2016		
	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Changes during the year	Balance at the end of the reporting period
Equity Share Capital	218.47	—	218.47	218.47	—	218.47
Add : Forfeited Shares (amount paid up)	0.02	—	0.02	0.02	—	0.02
Total	**218.49**	—	**218.49**	**218.49**	—	**218.49**

(₹ in million)

(B) Other Equity	Attributable to the equity holders of the parent										
	Reserves and Surplus					Items of Other Comprehensive Income		Foreign Currency Translation Reserve	Total	Non Controlling Interest	Total
	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Special Reserve	Retained Earnings	Equity Instruments	Debt Instruments				
As at 1st April 2015	**34.17**	**161.50**	**72.69**	**25.76**	**5,664.63**	**3.91**	**38.92**	**(61.22)**	**5,940.36**	**147.40**	**6,087.76**
Profit for the year					(71.93)				(71.93)	34.39	
Other Comprehensive Income					(4.15)	(0.77)	(14.56)		(19.48)		
Total Comprehensive Income	34.17	161.50	72.69	25.76	5,588.55	3.14	24.36	(61.22)	5,848.95	181.79	6,030.74
Dividend					(65.54)				(65.54)		
Dividend Distribution Tax					(13.10)				(13.10)		
Transfer to Special Reserve				2.04	(2.04)				–		
Foreign Currency translation adjustment					26.80			13.06	39.86		
As at 31st March 2016	34.17	**161.50**	**72.69**	**27.80**	**5,534.67**	**3.14**	**24.36**	**(48.16)**	**5,810.17**	**181.79**	**5,991.96**
Profit for the year					(147.75)				(147.75)	(89.19)	
Other Comprehensive Income					(4.26)	1.31	6.53		3.58		
Total Comprehensive Income	34.17	161.50	72.69	27.80	5,382.66	4.45	30.89	(48.16)	5,666.00	92.60	5,758.60
Dividend					(65.54)				(65.54)		
Dividend Distribution Tax					(13.34)				(13.34)		
Transfer to Special Reserve				2.04	(2.04)				–		
Foreign Currency translation adjustment					186.63			(191.63)	(5.00)	(3.08)	
As at 31st March 2017	**34.17**	**161.50**	**72.69**	**29.84**	**5,488.37**	**4.45**	**30.89**	**(239.79)**	**5,582.12**	**89.52**	**5,671.64**

The accompanying notes are an integral part of the Financial Statements.

As per our report annexed

For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

STATEMENT OF CONSOLIDATED CASH FLOW

For the year ended 31st March 2017

(₹ in million)

	2016-17	2015-16
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(316.65)	(14.04)
Adjustments for:		
Exceptional item	184.17	—
Depreciation & Amortisation	454.55	343.21
Finance Costs	201.92	139.54
(Profit)/Loss on Sale of Fixed Assets (Net)	2.63	10.30
(Profit)/Loss on Sale of Investments (Net)	(24.26)	(6.42)
Interest Income	(73.17)	(116.95)
Fair value change in Financial Instruments	(66.81)	(11.47)
Dividend Income	(14.40)	(27.34)
Unrealised Debt written off	4.27	1.06
Fair Value Loss on Derivative Instrument	10.20	8.85
Unrealised Foreign Exchange (Gain)/Loss (Net)	109.60	(52.03)
Operating Profit before Working Capital changes	472.05	274.71
Adjustments for:		
(Increase)/ Decrease in Trade & other Receivables (Net)	(275.84)	(173.43)
Inventories	(224.70)	(45.82)
Increase/ (Decrease) in Trade & other Payables (Net)	391.52	41.87
Cash generated from Operations	363.03	97.33
Income Tax (Paid)/Refund (Net)	(62.63)	20.26
Net Cash from Operating activities	**300.40**	**117.59**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(473.97)	(1,552.81)
Sale of Fixed Assets	15.91	20.65
Capital Advance	(19.89)	96.11
Purchase of Investments	(1,584.59)	(3,113.48)
Sale of Investments	2,057.45	3,659.51
Fixed Deposit & Margin Money (Net)	2.67	(362.21)
Interest received	53.03	138.02
Dividend received	14.40	27.34
Net Cash used in Investing activities	**65.01**	**(1,086.86)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayments) of Borrowings (Net)	(128.41)	976.75
Proceeds from shares of subsidiary issued to minority shareholder	–	27.84
Dividend Paid (including Dividend Distribution Tax)	(78.88)	(78.64)
Finance Costs paid	(182.44)	(107.25)
Net Cash from Financing activities	**(389.73)**	**818.70**
Net Increase/(Decrease) in cash and cash equivalents	(24.32)	(150.57)
Cash and cash equivalents at the beginning of the year	181.75	332.32
Cash and cash equivalents at the end of the year (Note 11A)	157.43	181.75

Note:
The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS 7) - Statement of Cash Flow.

As per our report annexed
For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Kanoria Chemicals & Industries Limited (the Company or Parent Company) having its registered office at 'Park Plaza', 71 Park Street, Kolkata – 700 016, India is a Public Limited Company incorporated and domiciled in India. The Equity Shares of the Company are listed on National Stock Exchange of India Ltd. and BSE Ltd. The Consolidated Financial Statements (CFS) comprise financial statements of Kanoria Chemicals & Industries Ltd. and its subsidiaries (collectively the Group) as at and for the year ended 31st March 2017. The Group is primarily engaged in manufacture of Industrial Chemicals, Electronic Automotive and Textiles.

2. Basis of Preparation

A. Statement of compliance

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

The Consolidated financial Statements up to and for the year ended 31st March 2016 were prepared in accordance with the Accounting Standards notified under Section 133 of the Act read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and other relevant provisions of the Act.

These are the first Consolidated financial Statements prepared in accordance with Ind AS and therefore, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied in preparation of opening Balance Sheet as at 1st April 2015, the date of transition to Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Group is provided in Note 42.

These Consolidated financial Statements have been approved for issue by the Board of Directors on 30th May 2017.

B. Principles of Consolidation

The consolidated financial statements have been prepared on the following basis:

i. The financial statements of the Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

ii. Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full.

iii. In case of foreign subsidiaries, revenue items are consolidated at the average monthly rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve.

iv. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

v. Non Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

vi. Non Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's shareholders.

C. Functional and presentation currency

These Consolidated financial Statements are presented in Indian Rupees (INR), which is also the Parent Company's functional currency. All amounts have been rounded off to the nearest two decimals of millions, unless otherwise indicated.

D. Historical cost convention

The Consolidated financial Statements have been prepared following accrual basis of accounting on a historical cost basis, except for the following which are measured at fair value:

i. Certain financial assets and liabilities

ii. Property, plant & equipment

iii. Defined benefit plans

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

E. Fair value measurement

A number of Group's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated financial Statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement, as under:

i. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Consolidated financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation, based on the lowest level input that is significant to the fair value measurement, at the end of each reporting period.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. External valuers are involved for valuation of significant assets and liabilities. Involvement of external valuers is decided upon annually by the Management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

F. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset or liability is treated as current if it satisfies any of the following condition:

i. the asset/liability is expected to be realised/settled in normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/liability is held primarily for the purpose of trading;

iv. the asset/liability is expected to be realised/settled within twelve months after the reporting period;

v. the asset is Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period;

vi. in the case of a liability, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period;

All other assets and liabilities are classified as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G. Use of estimates and judgements

In preparing these Consolidated financial Statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures and disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. The revisions in accounting estimates and assumptions are recognised prospectively.

Detailed information about estimates and judgements is included in Note 41.

3. Significant Accounting Policy

A. Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency of each Company in the Group, at the exchange rates on the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Exchange difference arising on settlement or translation of monetary items are recognised in the Consolidated Statement of Profit and Loss on net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Consolidated Statement of Profit and Loss are also recognised in OCI or Consolidated Statement of Profit and Loss, respectively.

B. Property, Plant & Equipment

i. *Recognition & Measurement*

All items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment, if any. Cost of an item of PPE includes its purchase cost, non refundable taxes and duties, directly attributable cost of bringing the item to its working condition for its intended use and borrowing cost if the recognition criteria is met.

Subsequent costs are included in an item of PPE's carrying value or recognised as a separate item, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Capital work-in-progress is stated at cost.

An item of PPE or any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on derecognition of an item of PPE is recognised in Consolidated Statement of Profit and Loss.

ii. *Transition to Ind AS*

On transition to Ind AS the Company and one of its subsidiary has elected to measure all items of PPE at fair value and use that as the deemed cost of such PPE.

iii. *Depreciation methods, estimated useful lives and residual value*

Depreciation on all items of PPE is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as prescribed in Schedule II to the Act and/or based on the local requirements in respect of foreign subsidiaries.

Depreciation on an item of PPE purchased/sold during the year is provided on pro-rata basis.Freehold land is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The residual values are not more than 5% of the cost of an item of PPE.

Depreciation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

C. Intangible Assets

IIntangible assets acquired are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and impairment losses, if any.

Internally generated development expenditure is capitalised as part of the cost of the resulting intangible assets only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise it is recognised in the Consolidated Statement of Profit and Loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses

Goodwill is not amortised and is tested for impairment annually.

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

The Group amortises intangible assets with a finite useful life using the straight line method over the following periods :

Computer Softwares - 3 years

Product Development - 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each financial year and adjusted prospectively, if appropriate.

D. Lease Accounting

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

In respect of assets taken on operating lease, lease rentals are recognized as an expense in the Consolidated Statement of Profit and Loss on straight line basis over the lease term unless

i. another systematic basis is more representative of the time pattern in which the benefit is derived from the leased asset; or

ii. the payments to the lessor are structured to increase in the line with expected general inflation to compensate for the lessor's expected inflationary cost increases

Leasehold land having perpetual rights are included in Property, plant and equipment.

E. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial Assets

Initial recognition and measurement:

The Group recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

a. The Group's business model for managing the financial asset and

b. The contractual cash flow characteristics of the financial asset

Based on the above criteria, the Group classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investment in debt instruments, cash and bank balances, trade receivables, loans and other financial assets of the Group (Refer Note 37 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Consolidated Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

A financial asset is measured at FVTOCI if both of the following conditions are met:

a) The Group's business model objective for managing the financial asset is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to certain investments in debt instruments (Refer Note 37 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income and impairment losses and its reversals in the Consolidated Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to Consolidated Statement of Profit and Loss.

Further, the Group, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI (Refer Note 37 for further details). The Group has made such election on an instrument by instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Group recognizes dividend income from such instruments in the Consolidated Statement of Profit and Loss.

On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is not reclassified from the equity to Consolidated Statement of Profit and Loss. However, the Group may transfer such cumulative gain or loss into retained earnings within equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

iii. Financial assets measured at FVTPL:

A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in subsidiary companies (Refer Note 37 for further details). Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Consolidated Statement of Profit and Loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Group's Balance Sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires

ii. The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);

iv. The Group neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Consolidated Statement of Profit and Loss.

Impairment of financial assets:

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables

ii. Financial assets measured at amortized cost (other than trade receivables)

iii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii and iii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As a practical expedient, the Group uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Consolidated Statement of Profit and Loss under the head 'Other expenses'.

ii. *Financial Liabilities*

Initial recognition and measurement:

The Group recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the Consolidated Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognised as a gain or loss in the Consolidated Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method. Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortisation using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortised cost at each reporting date. The corresponding effect of the amortisation under effective interest method is recognised as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Consolidated Statement of Profit and Loss.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the Consolidated Statement of Profit and Loss.

F. Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Assets that are subject to depreciation and amortisation and assets representing investments in subsidiary companies are reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less cost to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risk specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Fair value less cost to sell is the best estimate of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the cost of disposal.

Impairment losses, if any, are recognised in the Consolidated Statement of Profit and Loss and included in depreciation and amortisation expense. Impairment losses are reversed in the Consolidated Statement of Profit and Loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G. Inventories

Inventories of raw materials, stores and spare parts, work in progress and finished goods are measured at lower of cost and net realisable value.

However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be used are expected to be sold at or above cost. In case of certain products, where cost cannot be ascertained reliably, the same are measured at net realisable value.

Cost of raw materials, stores and spares include its purchase cost and other costs incurred in bringing them to their present location and condition. Cost of work in progress and finished goods include direct materials, direct labour and appropriate proportion of variable and fixed overheads, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual item of inventory on FIFO/weighted average method, as appropriate.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

H. Income Tax

Income Tax comprises current and deferred tax and is recognised in Consolidated Statement of Profit and Loss except to the extent that it relates to an item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or in equity as the case may be.

i. Current Tax

Current tax comprises the expected tax payable on the taxable income for the year and any adjustments to the tax payable in respect of previous years. It is measured using applicable tax rates and tax laws enacted or substantively enacted by the reporting date.

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

Deferred Tax assets are recognised to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences, carried forward tax losses and unused tax credits.

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 tax laws that have been enacted or substantively enacted by the reporting date.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

I. Revenue Recognition

The Group recognises revenue when it is probable that future economic benefits will flow to the Group and the amount of revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

The following specific recognition criteria must also be met for main revenue streams of the Group for its recognition:

i. Revenue from Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and includes excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ii. *Renewable Energy Certificates (RECs)*

RECs are recognised as accrued on the basis of notification issued by Central Electricity Regulatory Commission (CERC). Revenue from RECs is measured on the basis of actual sale price on transfer of RECs and on the basis of CERC prescribed floor price for RECs held by/accrued to the Group.

iii. *Industrial Incentives*

Government grants in the nature of industrial incentives to compensate the Group for expenses are recognised when there is a reasonable assurance that the same will be received and are included in Consolidated Statement of Profit and Loss as other operating revenue.

iv. *Interest Income*

Interest income from debt instruments is recognised on accrual basis using effective interest rate method applicable on such debt instrument.

v. *Dividend*

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when the shareholders approve the dividend.

J. Employee Benefits

i. *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the relative service is provided. A liability is recognised for the amount expected to be paid e.g. towards bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. *Defined contribution plan*

Provident Fund, a defined contribution plan, is a post employment benefit plan under which the Group pays contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Group recognises the contributions payable towards the provident fund as an expense in the Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees.

iii. *Defined benefit plan*

A defined benefit plan is a post employment benefit plan other than a defined contribution plan. The Group has unfunded Gratuity liability towards this which is provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if any, excluding interest) are immediately recognised in the balance sheet with corresponding debit or credit to Other Equity through OCI. Remeasurements are not classified to profit or loss in subsequent periods.

Net interest and changes in the present value of defined benefit obligation resulting from plan amendments or curtailments are recognised in profit or loss.

iv. *Other long term employee benefits*

The liabilities for earned leave are measured and provided on the basis of actuarial valuation made by an external valuer at the end of each financial year using the projected unit credit method. Remeasurement gains or losses are recognised in Consolidated Statement of Profit and Loss in the period in which they arise.

K. Borrowing Costs

Borrowing costs consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs attributable to the acquisition or construction of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset. Income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowings costs eligible for capitalisation. All other borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Transaction costs in respect of long-term borrowings are amortised over the tenor of respective loans using effective interest method. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

L. Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss before OCI for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the post tax effect of finance costs associated with dilutive potential equity shares and the weighted average number of additional equity shares that would have been outstanding assuming the issue of all dilutive potential equity shares.

M. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short term deposits with remaining maturity of 12 months or less, which are subject to an insignificant risk of change in value.

N. Cash dividend to Equity shareholders

The Group recognises a liability to make distribution of cash dividend to equity shareholders of the Group when the distribution is approved by the shareholders. A corresponding amount is recognised directly in equity.

O. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of time value of money is material, provisions are measured at present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risks specific to liability. The increase in the provision due to passage of time is recognised as interest expense.

P. Contingent Liabilities and Assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the Consolidated financial Statements. Contingent assets are not recognised in the Consolidated financial Statements.

Q. Segment Reporting

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

R. Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Consolidated financial Statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

S. Recent applicable Accounting pronouncements

Amendment to Ind AS

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendment to Ind AS 7, 'Statement of cash flows'. The amendment is applicable to the Group for the reporting period beginning April 1st, 2017.

The amendments to Ind AS 7 requires the entities to provide disclosures that enable users of Consolidated financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the Consolidated financial Statements is being evaluated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4A : Property Plant and Equipment

(₹ in million)

	Gross Carrying Value					Depreciation/Amortisation					Net Carrying Value
	As at 01.04.16	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.17	As at 01.04.16	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.17	As at 31.03.17
Land & Site Development :											
Freehold	742.12	—	(3.23)	—	738.89	—	—	—	—	—	738.89
Leasehold	1,075.20	—	(6.25)	—	1,068.95	14.73	14.80	(0.19)	—	29.34	1,039.61
Buildings	1,010.27	766.92	(42.76)	1.61	1,732.82	48.23	57.00	(2.38)	0.22	102.63	1,630.19
Plant & Equipment	2,052.75	2,008.01	(75.71)	27.90	3,957.15	333.47	277.07	(19.64)	15.36	575.54	3,381.61
Furniture & Fixtures	75.37	14.98	(0.74)	0.72	88.89	13.66	12.23	(0.33)	0.17	25.39	63.50
Vehicles & Fork Lifts	16.58	33.68	(0.87)	3.34	46.05	4.24	5.25	(0.30)	1.34	7.85	38.20
Office Equipment	103.61	19.08	(6.24)	15.60	100.85	67.30	21.90	(5.09)	13.75	70.36	30.49
Total	**5,075.90**	**2,842.67**	**(135.80)**	**49.17**	**7,733.60**	**481.63**	**388.25**	**(27.93)**	**30.84**	**811.11**	**6,922.49**

	Gross Carrying Value					Depreciation/Amortisation					Net Carrying Value
	As at 01.04.15	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.16	As at 01.04.15	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.16	As at 31.03.16
Land & Site Development :											
Freehold	736.99	—	5.13	—	742.12	—	—	—	—	—	742.12
Leasehold	1,059.55	—	15.65	—	1,075.20	—	14.53	0.20	—	14.73	1,060.47
Buildings	941.45	30.54	41.14	2.86	1,010.27	5.43	41.66	1.30	0.16	48.23	962.04
Plant & Equipment	1,787.42	283.42	50.15	68.24	2,052.75	147.60	204.35	22.63	41.11	333.47	1,719.28
Furniture & Fixtures	74.45	3.16	(2.17)	0.07	75.37	4.31	11.09	(1.74)	0.00	13.66	61.71
Vehicles & Fork Lifts	14.27	2.82	0.53	1.04	16.58	0.53	3.71	0.14	0.14	4.24	12.34
Office Equipment	72.85	22.56	9.13	0.93	103.61	33.96	28.15	6.06	0.87	67.30	36.31
Total	**4,686.98**	**342.50**	**119.56**	**73.14**	**5,075.90**	**191.83**	**303.49**	**28.59**	**42.28**	**481.63**	**4,594.27**

4B : Intangible Assets

	Gross Carrying Value					Amortisation					Net Carrying Value
	As at 01.04.16	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.17	As at 01.04.16	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.17	As at 31.03.17
Goodwill	337.86	—	—	—	337.86	—	—	—	—	—	337.86
Computer Software	79.41	20.87	(5.63)	1.33	93.32	40.60	21.65	(4.07)	1.12	57.06	36.26
Product Development	345.79	31.78	(23.79)	—	353.78	193.76	44.65	(13.76)	—	224.65	129.13
Total	**763.06**	**52.65**	**(29.42)**	**1.33**	**784.96**	**234.36**	**66.30**	**(17.83)**	**1.12**	**281.71**	**503.25**

	Gross Carrying Value					Depreciation/Amortisation					Net Carrying Value
	As at 01.04.15	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.16	As at 01.04.15	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.16	As at 31.03.16
Goodwill	294.46	43.40	—	—	337.86	—	—	—	—	—	337.86
Computer Software	46.19	27.31	6.48	0.57	79.41	17.94	19.73	3.41	0.48	40.60	38.81
Product Development	247.38	79.41	19.00	—	345.79	147.49	33.95	12.32	—	193.76	152.03
Total	**588.03**	**150.12**	**25.48**	**0.57**	**763.06**	**165.43**	**53.68**	**15.73**	**0.48**	**234.36**	**528.70**

1. Depreciation & Amortisation for previous year includes Depreciation & Amortisation on fixed assets of Kanoria Africa Textiles PLC ₹ 5.47 million which is transferred to capital work-in-progress.
2. Additions and Depreciation & Amortization for previous year includes opening Gross Block and accumulated Depreciation & Amortization as on 1st April, 2015 of CoSyst Control Systems GmbH, a subsidiary of APAG Holding AG of ₹ 15.55 million & ₹ 8.49 million respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 : Investments

(₹ in million)

	Face Value (Rs.)	31st March 2017		31st March 2016		1st April 2015	
		Nos.	Amount	Nos.	Amount	Nos.	Amount
(A) Non Current Investments:							
Investments at Amortised Cost							
Debenture/Bonds, Fully Paid (Unquoted)							
21% Wadhwagroup Holdings Private Limited	16,667	—	—	—	—	440	10.79
Total Investments at Amortised Cost			—		—		**10.79**
Investments at Fair Value through OCI							
Equity Shares, Fully Paid (Quoted)							
IFCI Ltd.	10	200	0.01	200	0.01	200	0.01
HDFC Bank Ltd.	2	2,500	3.61	2,500	2.68	2,500	2.56
Bank of India	10	9,000	1.25	9,000	0.87	9,000	1.76
NMDC Limited.	1	8,000	1.06	8,000	0.78	8,000	1.04
Equity Shares, Fully Paid (Unquoted)							
Enviro Technology Ltd.	10	10,000	0.10	10,000	0.10	10,000	0.10
Bharuch Enviro Infrastructure Ltd.	10	1,400	0.01	1,400	0.01	1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.	50	5	0.00	5	0.00	5	0.00
Narmada Clean Tech Limited	10	8,22,542	8.23	8,22,542	8.23	8,22,542	8.23
Woodlands Multispeciality Hospital Limited	10	2,180	0.02	2,180	0.02	2,180	0.02
OPGS Power Gujarat Private Limited	0.10	—	—	1,86,200	0.04	186,200	0.04
Debentures/Bonds, Fully Paid (Quoted)							
8.48% NTPC Limited	1,000	—	—	31,665	35.41	31,665	34.66
8.48% India Infrastructure Finance Company Limited	1,000	—	—	—	—	100,000	109.50
8.5% National Highway Authority of India	1,000	1,00,000	117.95	1,00,000	112.15	1,00,000	109.73
8.68% National Housing Bank	5,000	10,000	59.78	10,000	56.82	10,000	55.66
11.6% ECL Finance Limited	1,000	—	—	—	—	50,000	50.00
12.95% Cholamandalam Investment & Finance Company Ltd.	5,00,000	—	—	—	—	100	52.02
11.9% India Infoline Finance Limited	1,000	—	—	—	—	59,749	60.28
12.75% India Infoline Finance Limited	1,000	—	—	—	—	50,000	52.25
11.85% Shriram City Union Finance Limited	1,000	—	—	—	—	35,122	35.44
8.46% Rural Electrification Corporation Ltd.	10,00,000	—	—	—	—	21	22.92
8.48% Indian Railway Finance Corporation Ltd.	10,00,000	—	—	—	—	50	54.74
8.75% National Highway Authorities of India	1,000	40,000	49.00	40,000	46.96	40,000	45.40
Total Investments at Fair Value through OCI			**241.02**		**264.08**		**696.37**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Face Value (Rs.)	31st March 2017		31st March 2016		1st April 2015	
		Nos.	Amount	Nos.	Amount	Nos.	Amount
Investments at Fair Value through PL							
Preference Shares, Fully Paid (Quoted)							
16.06% Infrastucture Leasing & Financial services Limited	7,500	4,000	57.63	4,000	52.95	4,000	57.47
Mutual Funds (Quoted)							
ICICI Prudential FMP Sr.69-1821 Days Plan I-Cumulative	10	—	—	5,000,000	63.51	5,000,000	58.90
HDFC FMP 1846 Days-Sr.27-Regular-Growth	10	—	—	10,000,000	129.50	10,000,000	120.26
HDFC FMP 3360 Days-Sr.30-Regular-Growth	10	5,000,000	61.54	5,000,000	55.51	5,000,000	50.72
L&T FMP-VII (April 1124 DA)-Growth	10	—	—	—	—	5,000,000	59.92
BSL Fixed Term Plan-Series IP (980 days)-Growth	10	—	—	—	—	5,000,000	57.30
ICICI Prudential FMP Sr.69-372 Days PLK Regular-Cumulative	10	—	—	300,000	3.79	300,000	3.51
JP Morgan India FMP Sr.23-Regular-Growth	10	—	—	400,000	5.05	400,000	4.69
ICICI Prudential Discovery Fund-Dividend Reinvest	10	1,814,767	52.53	1,330,148	37.67	1,231,903	39.89
ICICI Prudential Dynamic Fund - Regular - Dividend	10	—	—	—	—	279,023	6.45
ICICI Prudential Regular Income Fund	10	845,255	13.85	845,255	12.66	—	—
ICICI Focused Bluechip Equity Fund-Regular Dividend	10	—	—	—	—	2,061,990	45.73
HDFC Small & Mid Cap Fund - Dividend Reinvest	10	—	—	—	—	1,660,874	34.12
HDFC Midcap Opportunities Fund - Dividend Reinvest	10	412,969	12.61	131,527	3.15	131,527	3.39
HDFC Equity Fund - Dividend Reinvest	10	—	—	—	—	615,855	33.07
Reliance Vision Fund-Dividend	10	90,879	3.83	90,879	3.56	841,389	40.70
Reliance Equity Opportunities Fund-Dividend Reinvest	10	99,095	2.91	99,095	2.68	99,095	3.37
Reliance Dynamic Bond Fund_Growth	10	635,272	14.20	635,272	12.75	635,272	12.07
IDFC Sterling Equity Fund-Regular-Dividend	10	—	—	—	—	298,742	5.41
IDFC Dynamic Bond Fund -Growth	10	372,926	7.52	372,926	6.65	372,926	6.33
Franklin India Govt. Security Fund - Long - Growth	10	372,394	14.41	372,394	12.93	372,394	12.23
Franklin India Bluechip Fund-Dividend	10	262,533	10.45	262,533	9.62	—	—
Templeton India Growth Fund - Dividend	10	184,955	12.40	184,955	10.31	—	—
Alternative Investment Fund (Unquoted)							
IIFL Real Estate Fund (Domestic) Sr.1	16	485,955	7.79	485,955	8.35	485,955	35.04
IIFL Real Estate Fund (Domestic) Sr.2	10	9,313,812	100.92	9,313,812	100.92	1,426,966	14.28
IIFL Real Estate Fund (Domestic) Sr.3	10	10,000,000	106.02	10,000,000	100.01	—	—
IIFL Income Opportunities Fund	1	9,936,715	6.53	9,936,715	12.62	9,936,715	100.42
IIFL Income Opportunities Fund Series-Special Situations	8	4,776,976	45.89	4,776,976	53.26	2,721,410	28.15
IIFL Seed Venture Fund	10	1,663,948	23.62	681,300	7.50	—	—
ICICI Prudential Real Estate AIF-II	100	373,935	40.65	373,935	37.57	—	—
Chiratae Trust	1,00,000	40	3.25	20	1.48	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Face Value (Rs.)	31st March 2017		31st March 2016		1st April 2015	
		Nos.	Amount	Nos.	Amount	Nos.	Amount
Investments at Fair Value through PL							
Equity Fund (Unquoted)							
IIFL Assets Revival Fund	10	—	—	—	—	3,865,706	73.44
IIFL Assets Revival Fund 2	10	4,523,997	59.68	2,500,000	25.00	—	—
IIFL National Development Agenda Fund	8	4,922,035	61.62	4,922,035	53.02	4,922,035	57.44
Total Investments at Fair Value through PL			**719.85**		**822.02**		**964.30**
Total Non Current Investments (A)			**960.87**		**1,086.10**		**1,671.46**

(₹ in million)

	Face Value Rs.	31st March 2017		31st March 2016		1st April 2015	
		Nos.	Amount	Nos.	Amount	Nos.	Amount
(B) Current Investment							
Investments at Amortised Cost							
Debenture/Bonds, Fully Paid (Unquoted)							
21% Wadhwa group Holdings Private Limited	16,667	—	—	—	—	500	36.67
19% Shambhavi Realty Private Limited	66,680	—	—	—	—	440	34.98
18% Eldeco Sohna Project Ltd.	30,00,000	—	—	—	—	6	18.00
Total Investments at Amortised Cost			—		—		**89.65**
Investments at Fair Value through PL							
Preference Shares, Fully Paid (Quoted)							
8.75% L&T Finance Holdings Limited	100	—	—	—	—	913,130	91.65
Mutual Funds (Quoted)							
L&T FMP-VII (April 1124 DA)-Growth	10	—	—	5,000,000	65.31	—	—
BSL Fixed Term Plan-Series IP (980 days)-Growth	10	—	—	5,000,000	61.99	—	—
Mutual Funds (Unquoted)							
BSL Floating Rate Fund-STP-Growth	100	142,507	30.82	765,995	154.27	245,187	45.63
Franklin India Ultra Short Bond Fund-SuperIns-Growth	10	460,987	10.26	365,265	7.42	1,188,382	22.03
Total Investments at Fair Value through PL			**41.08**		**288.99**		**159.31**
Total Current Investments (B)			**41.08**		**288.99**		**248.96**

	Non-Current	Current	Non-Current	Current	Non-Current	Current
Aggregate book value of quoted investments	496.54	—	677.97	127.30	1,354.29	91.65
Aggregate market value of quoted investments	496.54	—	677.97	127.30	1,354.29	91.65
Aggregate value of unquoted investments	464.33	41.08	408.13	161.69	317.17	157.31

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	Non-Current	Current	Non-Current	Current	Non-Current	Current
6 : Loans						
(Unsecured considered good)						
Other Loans						
Loan to Employees	0.64	1.26	0.58	4.36	0.75	5.14
Loan to Others	—	—	—	—	13.61	—
Total Loans	**0.64**	**1.26**	**0.58**	**4.36**	**14.36**	**5.14**
7 : Other Financial Assets						
Security Deposits (Unsecured considered good)	22.52	1.00	16.76	5.71	17.10	6.01
Interest and Dividend Receivable	—	34.72	—	14.59	—	35.66
Total Other Financial Assets	**22.52**	**35.72**	**16.76**	**20.30**	**17.10**	**41.67**
8 : Other Assets						
(a) Capital Advances	39.93	—	20.04	—	116.15	—
(b) Advances other than Capital Advances						
(i) Other Advances	0.42	65.85	0.90	119.29	1.20	93.67
(ii) Export Benefits and Claims Receivable	—	123.62	—	218.29	—	177.10
(iii) Balance with Central Excise and other Government Authorities	—	210.82	—	240.02	—	248.41
Total Other Assets	**40.35**	**400.29**	**20.94**	**577.60**	**117.35**	**519.18**
9. Inventories						
(At lower of cost and net realisable value)						
Raw Materials		630.02		429.01		433.62
Raw Materials in transit		—		30.94		109.97
Work-in-Progress		113.66		126.48		62.14
Finished Goods		229.28		158.20		93.16
Stores & Spare Parts		55.99		59.62		59.55
Total Inventories		**1,028.95**		**804.25**		**758.44**
10 : Trade Receivables						
Secured, considered good		—		—		—
Unsecured, considered good		1,144.10		876.91		747.45
Doubtful		7.78		—		0.07
Less : Allowance for doubtful receivables		(7.78)		—		(0.07)
Total Trade Receivables		**1,144.10**		**876.91**		**747.45**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

11A : Cash and cash equivalent			
Balances with banks:			
On Current Accounts	156.06	178.49	329.07
Cheques on hand	—	—	0.02
Cash on hand	1.37	3.26	3.23
Total Cash and cash equivalent	**157.43**	**181.75**	**332.32**

Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016:

(Rs. In Million)

Particulars	**Specified Bank Notes (SBN)**	**Other denomination Notes**	**Total**
Closing cash in hand as on 08.11.2016	0.34	0.06	0.40
(+) Permitted receipts	-	1.62	1.62
(-) Permitted payments	-	1.32	1.32
(-) Amount deposited in Banks	0.34	-	0.34
Closing cash in hand as on 30.12.2016	-	0.36	0.36

(₹ in million)

	31st March 2017	**31st March 2016**	**1st April 2015**
11B : Other bank balances			
Earmarked balances with Banks (Unpaid Dividend Account)	5.34	5.05	4.77
In Margin Money Account	—	2.46	—
Bank deposits (held as security against the borrowings)	370.15	370.36	10.61
Total other bank balances	**375.49**	**377.87**	**15.38**
12 : Current Tax Assets			
Income Tax Payments and Tax Deducted at Source less Provision	328.87	182.36	254.96
Total Current Tax Assets	**328.87**	**182.36**	**254.96**

(₹ in million)

	31st March 2017		**31st March 2016**		**31st March 2015**	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
13 : Equity Share Capital						
(a) Authorised Share Capital						
Equity Shares of Rs. 5 each	100,000,000	500.00	100,000,000	500.00	100,000,000	500.00
(b) Issued, Subscribed and Fully Paid						
Equity Shares of Rs. 5 each	43,693,333	218.47	43,693,333	218.47	43,693,333	218.47
Add: Forfeited Shares (Amount paid up)		0.02		0.02		0.02
Total		**218.49**		**218.49**		**218.49**

(c) Terms/rights attached to Equity Shares

The Company has only one class of issued shares i.e. Equity Share having par value of Rs. 5 per share. Each holder of Equity Share is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

	31st March 2017		**31st March 2016**		**1st April 2015**	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
(d) Shares held by holding company						
Vardhan Limited	26,133,872	130.67	26,133,872	130.67	26,133,872	130.67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Details of shareholders holding more than 5% shares in the company

(₹ in million)

Name of the Shareholder	31st March 2017		31st March 2016		1st April 2015	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Vardhan Limited	26,133,872	59.81	26,133,872	59.81	26,133,872	59.81
R V Investment & Dealers Limited	3,210,120	7.35	3,210,120	7.35	3,210,120	7.35

(f) Shares reserved for issue under options

No Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.

(g) The Company, during the year 2012-13, had bought back 12,603,167 Equity Shares of Rs. 5 each.

(h) None of the securities are convertible into shares at the end of the reporting period.

(i) No calls are unpaid by any Director or Officer of the Company during the year.

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
14 : Other Equity						
Capital Reserve						
As per last Balance Sheet		34.17		34.17		34.17
Capital Redemption Reserve						
As per last Balance Sheet		72.69		72.69		72.69
Securities Premium Reserve						
As per last Balance Sheet		161.50		161.50		161.50
Special Reserve						
As per last Balance Sheet	27.80		25.76			
Add : Transfer from Retained Earnings	2.04	29.84	2.04	27.80		25.76
Retained Earnings						
As per last Balance Sheet						
Add: Profit for the year	5,534.67		5,664.63			
Add: Acturial gain/(loss) on defined benefit obligations	(147.75)		(71.93)			
Add: Foreign Currency Translation	(4.26)		(4.15)			
adjustment	186.63		26.80			
Less: Transfer to Special Reserve	(2.04)		(2.04)			
Less: Dividend (Refer Note 31)	(65.54)		(65.54)			
Less : Tax on Dividend (Refer Note 31)	(13.34)	5,488.37	(13.10)	5,534.67		5,664.63
Foreign Currency Translation Reserve						
As per last Balance Sheet						
Add: Foreign Currency Translation	(48.16)		(61.22)			(61.22)
adjustment	(191.63)	(239.79)	13.06	(48.16)		
Other Comrehensive Income (OCI)						
As per last Balance Sheet	27.50		42.83			
Add: Movement in OCI (Net) during the year	7.84	35.34	(15.33)	27.50		42.83
Total Other Equity		**5,582.12**		**5,810.17**		**5,940.36**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 : Non Current Borrowings

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	Non -Current	Current	Non -Current	Current	Non -Current	Current
Term Loan **From Bank**						
From Banks (Secured)	2,314.43	303.67	2,663.21	366.91	1,578.29	188.00
From Banks (Unsecured)	342.05	90.80	-	-	262.32	328.92
	2,656.48	394.47	2,663.21	366.91	1,840.61	516.92
Amount Disclosed under Other Financial Liabilities (Note 16)	-	(394.47)	-	(366.91)	-	(516.92)
Total Non Current Borrowings	**2,656.48**	**-**	**2,663.21**	**-**	**1,840.61**	**-**

Rs.97.84 million is secured by first charge and mortgage by deposit of title deeds of immovable properties and hypothecation of movable fixed assets of Ankleshwar & Vizag Division, both present and future, repayable on 1st June 2017. This loan carries interest @ 3M SIBOR + 150 bps.

Rs.347.25 million is secured by fixed deposit of Rs. 359.70 million, repayable in six half yearly instalments beginning from 29th March, 2018.This loan carries interest @ 3M EURIBOR/USD LIBOR + 105 bps.

Rs.1,361.55 million is secured by First pari passu charge on whole of the assets and properties of Kanoria Africa Textiles PLC, Ethiopia, repayable in thirty two quarterly instalments beginning from 1st June, 2018. This loan carries interest @ 3M LIBOR + 450 bps.

Rs.500.94 million is secured by First pari passu charge on whole of the assets and properties of Kanoria Africa Textiles PLC, Ethiopia, repayable in twenty one instalments every four months beginning from 30th April, 2017. This loan carries interest @ 9.5%.

Rs.181.33 million is secured by Land & Buildings of APAG Elektronik s.r.o., Czech Republic, repayable in twenty five quarterly instalments beginning from 28th June, 2017. This loan carries interest @ 3M EURIBOR + 205 bps.

Rs.40.75 million is secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic, repayable in eight quarterly instalments beginning from 25th June, 2017. This loan carries interest @ 3M EURIBOR + 195 bps.

Rs.88.44 million is secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic, repayable in forty five monthly instalments beginning from 30th April, 2017. This loan carries interest @ 1M EURIBOR + 140 bps.

16 : Other Financial Liabilities

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	Non -Current	Current	Non -Current	Current	Non -Current	Current
Current maturities of Long term debts (Refer Note 15)	-	394.47	-	366.91	-	516.92
Interest accrued but not due on borrowings	-	53.23	-	33.75	-	1.47
Security Deposit	-	5.13	-	5.45	-	3.54
Project liabilities	-	69.95	-	94.89	-	85.86
Leasehold and Obligations Payable	45.75	4.74	50.25	5.19	49.98	-
Unpaid Dividend	-	5.34	-	5.05	-	4.77
Employee related liabilities	-	61.85	-	57.07	-	37.41
Other liabilities	14.85	115.43	8.52	85.53	-	72.09
Total Other Financial Liabilities	**60.60**	**710.14**	**58.77**	**653.84**	**49.98**	**722.06**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 : Provisions

(₹ in million)

	31st March 2017		31st March 2016		1st April 2015	
	Non -Current	Current	Non -Current	Current	Non -Current	Current
Provision for Gratuity	57.66	10.08	46.37	11.73	44.33	2.94
Provision for Accrued Leave	-	40.06	18.01	22.10	24.76	16.02
Total Provisions	**57.66**	**50.14**	**64.38**	**33.83**	**69.09**	**18.96**

18 : Income Tax

(₹ in million)

A : Deferred Tax	31st March 2017	31st March 2016	1st April 2015
Deferred Tax Liability			
Timing Difference on Assets	681.76	677.22	663.70
Fair Value of Investments	10.34	4.95	7.52
Others	0.48	1.35	2.00
Deferred Tax Assets			
Unabsorbed Business Losses	3.16	-	-
Expenses relating to Retirement Benefits	28.99	24.91	20.25
MTM Adjustment on Forward Contracts	2.74	1.87	-
Net Deferred Tax Liabilities	**657.69**	**656.74**	**652.97**

B: Reconciliation of tax expense on the accounting profit for the year:	31st March 2017	31st March 2016
Profit before income tax	**(316.65)**	**(14.04)**
At India's statutory Income tax rate of 34.608%	(109.59)	(4.86)
Tax effect on non-dedutable expenses	20.20	90.19
Effect of income that is exempted from tax	(31.17)	(13.57)
Effect of income which is taxed at special rate	(4.05)	(1.16)
Effect of loss on which no tax benefit available	144.81	-
Tax expense for earlier years	(0.04)	2.08
MAT credit entitlement for earlier years	(99.87)	(14.79)
Income tax expense reported in the statement of profit and loss	**(79.71)**	**57.89**

19 : Current Borrowings

(₹ in million)

	31st March 2017	31st March 2016	1st April 2015
(A) Loans Repayable on Demand (Secured)			
From Banks (Secured)*	424.40	246.45	197.95
From Banks (Unsecured)	36.28	488.23	241.96
(B) Buyer's Credit (Secured)			
From Banks #	255.41	130.64	271.25
(C) Commercial Papers (Unsecured)			
From Banks	400.00	400.00	250.00
Total Current Borrowings	**1,116.09**	**1,265.32**	**961.16**

*Rs. 67.10 million (31st March 2016 - Nil) Secured by pari-passu first charge by way of hypothecation of entire current assets of the company, both present & future. Rs. 61.10 million (31st March, 2016 - Nil) Secured by first pari-passu charge on whole of the assets and properties of Kanoria Africa Textiles PLC, Ethiopia. Rs. 296.20 million (31st March 2016 - Rs. 246.45 million) secured by inventories and trade receivables of APAG Elektronik s.r.o., Czech Republic.

Rs. 76.43 million (31st March 2016 - Rs. 110.37 million) is secured by Pari-passu first charge by way of hypothecation of entire current assets of the Company, both present & future and Rs. 178.98 million is secured against hypothecation by way of a subservient charge on all current assets and movable fixed assets of Ankleshwar plant. (31st March 2016 - Rs. 20.27 million is secured by pledge of units of mutual funds of Rs. 100.00 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 : Trade Payable

(₹ in million)

	31st March 2017	31st March 2016	1st April 2015
Trade Payable Total outstanding dues of Micro and small enterprises	-	-	-
Total outstanding dues of creditors other than Micro and small enterprises	914.11	501.31	608.46
Total Trade Payables	**914.11**	**501.31**	**608.46**

Note : There are no Micro, Small & Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2017. This information required to be disclosed under the Micro, Small & Medium enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

21 : Other Current Liabilities

(₹ in million)

	31st March 2017	31st March 2016	1st April 2015
Statutory liabilities	82.56	115.70	40.60
Customers' Credit Balances	32.86	24.69	3.76
Total Other Current Liabilities	**115.42**	**140.39**	**44.36**

22 : Revenue from Operations

(₹ in million)

	31st March 2017	31st March 2016
(a) Sale of Products		
Manufactured products	7,151.66	5,846.69
Traded products	31.40	17.09
Total Sale	**7,183.06**	**5,863.78**
(b) Other Operating Revenues	154.30	115.59
Total Revenue from Operations	**7,337.36**	**5,979.37**

23 : Other Income

(₹ in million)

	31st March 2017	31st March 2016
Interest Income:		
On long term Investments	40.80	76.91
From Others	32.37	40.04
Dividend Income	14.40	27.34
Net gain on Sale of Investments	24.26	6.42
Fair value gain on financial instruments	66.81	11.47
Rent Income	1.65	0.57
Foreign Exchange Rate Fluctuation	48.09	-
Other non operating income	29.91	5.63
Total Other Income	**258.29**	**168.38**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 : Employee Benefits Expense

(₹ in million)

	31st March 2017	31st March 2016
Salaries, Wages, Bonus & Gratuity etc.	1,036.41	805.27
Contribution to Provident Fund	137.66	115.51
Welfare Expenses	65.14	40.79
Total Employee Benefits Expense	**1,239.21**	**961.57**

25 : Finance Costs

Interest expense	188.22	68.92
Bank/Finance charges	13.70	16.34
Exchange difference regarded as an adjustment to borrowing cost	-	54.28
Total Finance Costs	**201.92**	**139.54**

26 : Other Expenses

Consumption of Stores & Spare parts etc.	109.95	71.31
Other Manufacturing Expenses	207.82	117.74
Power & Fuel	284.42	292.83
Repairs to -		
Plant & Machinery	51.00	62.99
Buildings	2.47	6.36
Others	14.83	17.69
Water Charges & Cess	19.29	17.69
Rates & Taxes	15.51	5.73
Rent	58.12	40.26
Insurance	22.08	18.71
Legal and Professional Charges	67.56	52.41
Research & Development Expenses	-	12.41
Miscellaneous Expenses	134.15	109.93
CSR Expenditure	2.31	0.89
Foreign Exchange Rate Fluctuation	30.77	(35.38)
Commission & Brokerage to Others	14.41	8.56
Freight, Handling & Other Charges	72.22	68.67
Directors' Fees	1.54	1.55
Travelling Expenses	48.49	47.76
Charity & Donations	0.17	0.01
Sales Tax (net)	1.16	0.41
Directors' Remuneration	22.45	18.83
Provision for bad & doubtful Debts & Advances (net)	(2.24)	0.35
Unrealized Debts and Claims written off	4.27	1.06
Loss on Fixed Assets sold/discarded (Net)	2.63	10.30
Payment to Auditors	4.63	4.58
Fair Value Loss on Derivative Instruments	10.20	8.85
Previous Years Adjustments (Net)	-	4.35
Total Other Expenses	**1,200.21**	**966.85**
Additional Information regarding Payment to Auditors		
(a) Statutory Auditors		
Audit Fees	3.00	3.03
For Certificates & Others	1.07	1.11
For Travelling and out of pocket expenses	0.16	0.13
(b) Cost Auditors		
Audit Fees	0.15	0.15
For Travelling and out of pocket expenses	0.10	0.03
(c) Tax Auditors		
Audit Fees	0.15	0.13
	4.63	**4.58**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 : Exceptional Item

(₹ in million)

	31st March 2017	31st March 2016
Write down in the value of Renewable Energy Certificates on reduction in floor price as notified by the Central Electricity Regulatory Commission	184.17	-

28 : Other comprehensive income (OCI)

A. Items that will not be reclassified to Profit or Loss (PL) -		
1. Actuarial gain/(loss) on Defined Benefit Obligations	(6.51)	(6.34)
Income Tax Effect	2.25	2.19
2. Net gain/(loss) on FVTOCI Equity securities	1.31	(1.03)
Income Tax Effect	-	-
Net OCI not to be reclassified to PL in subsequent periods	**(2.95)**	**(5.18)**
B. Items that will be reclassified to Profit or Loss (PL) -		
1. Net gain/(loss) on FVTOCI debt securities	12.63	10.42
Income Tax Effect	(1.42)	(1.20)
2. (Gain)/loss transferred to PL upon Recycling of FVTOCI Debt Instruments	(5.29)	(26.59)
Income Tax Effect	0.61	3.07
Net OCI to be reclassified to PL in subsequent periods	**6.53**	**(14.30)**
Other Comprehensive Income for the year, net of tax	**3.58**	**(19.48)**

29 : Earnings per share (EPS)

Details for calculation of basic and diluted earning per share:		
Profit after tax as per Statement of Profit and Loss	(236.94)	(71.93)
Weighted average number of equity share (Numbers)	43,693,333	43,693,333
Basic and diluted earning per share (Rs.)	(5.42)	(1.65)

30 :Commitments and contingencies

(i) Contingent Liabilities		
(a) Claims/Disputed liabilities not acknowledged as debt		
Excise Duty demands (paid Rs. 8.62 million)	17.84	6.60
Sales Tax demands (paid Rs. 0.43 million)	0.43	0.43
Income Tax demands (paid Rs. 55.54 million)	55.54	55.54
Other claims being disputed by the Company (paid Rs. 1.00 million)	4.19	4.19
(b) Outstanding Bank Guarantees	35.99	31.43
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	163.13	83.57
Advances paid	39.93	20.04

31 :Distribution made and proposed

Cash dividends on equity shares declared and paid:		
Final dividend for the year ended on 31st March 2016 : INR 1.50 per share (31st March 2015: INR 1.5 per share)	65.54	65.54
DDT on final dividend	13.34	13.10
	78.88	**78.64**
Proposed dividends on Equity shares:		
Final cash dividend for the year ended on 31st March 2017: INR 1.50 per share (31 March 2016: INR 1.5 per share)	65.54	65.54
DDT on proposed dividend	13.34	13.34
	78.88	**78.88**

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability (including DDT thereon) as at 31st March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 : Disclosures as required under Indian Accounting Standard 19 on "Employee Benefits"

A. Defined Benefit Plan

The Company has unfunded scheme for payment of gratuity to all eligible employees calculated at specified number of days of last drawn salary depending upon tenure of service for each year of completed service subject to minimum five years of service payable at the time of separation upon superannuation or on exit otherwise. Subsidiaries are not having defined benefit plan scheme for its employees.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the Post - retirement benefit plans as relates to parent only.

(₹ in million)

	31st March 2017	31st March 2016
	Gratuity	Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	58.10	47.28
- Current Service Cost	3.64	3.53
- Interest Expense or Cost	4.53	3.55
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	1.43	(1.01)
experience variance	5.07	7.35
- Past Service Cost	-	-
- Effect of change in foreign exchange rates	-	-
- Benefits paid	(5.03)	(2.60)
- Acquisitions Adjustment	-	-
- Effect of business combinations or disposals	-	-
- Present Value of Obligation as at the end	**67.74**	**58.10**
2. Expenses recognised in the statement of Profit & Loss		
- Current Service Cost	3.64	3.53
- Interest Expense or Cost	4.53	3.55
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	-	-
experience variance	-	-
- Past Service Cost	-	-
- Effect of change in foreign exchange rates	-	-
- Acquisitions Adjustment	-	-
- Effect of business combinations or disposals	-	-
Total	**8.17**	**7.08**
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in demographic assumptions	-	-
change in financial assumptions	1.43	(1.01)
experience variance	5.07	7.35
Total	**6.50**	**6.34**
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annuam)	7.40%	7.80%
Salary growth rate (per annum)	7%	7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Sensitivity Analysis

The Sensitivity Analysis below has been determined based on reasonably possible change of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. These sensitivities show the hypothetical impact of a change in each of the listed assumptions in isolation. While each of these sensitivities holds all other assumptions constant, in practice such assumptions rarely change in isolation. For presenting the sensitivities, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the Defined Benefit Obligation presented above. There was no change in the methods and assumptions used in the preparation of the Sensitivity Analysis from previous year.

The impact of Sensitivity analysis on Defined Benefit Plan is given below:

(₹ in million)

Particulars	31st March 2017	31st March 2016
Discount rate increase by 1%	(64.30)	(55.04)
Discount rate decrease by 1%	71.65	61.53
Salary Growth rate increase by 1%	71.63	61.52
Salary Growth rate decrease by 1%	(64.25)	(55.00)

B. Defined Contribution Plan

The Group contributes certain percentage of salary for all eligible employees towards Provident Fund managed either by approved trusts or by the Government and debit the same to statement of Profit and Loss. The provident fund set up by the employers, require interest shortfall to be met by the employers. The fund set up by the Company does not have existing deficit of interest shortfall. The amount debited to Statement of Profit and Loss towards Provident Fund contribution during the year was Rs. 137.66 million (previous year Rs. 115.51 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. **The list of subsidiaries which are included in the Consolidated Financial Statements of Kanoria Chemicals & Industries Limited and its effective ownership interest therein are as under:**

(₹ in million)

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			2016-2017	2015-2016
Pipri Limited	Subsidiary	India	100.00%	100.00%
Kanoria Africa Textiles PLC	Subsidiary	Ethiopia	78.68%	78.68%
APAG Holding AG	Subsidiary	Switzerland	100.00%	100.00%

For the purpose of consolidation, the consolidated financial statements of APAG Holding AG reflecting consolidation of following entities as at 31st March, 2017 prepared in accordance with Swiss Standard on the Limited Review (PS 910) have been restated, where considered material, to comply with Generally Accepted Accounting Principles in India. Disclosures in respect of these foreign subsidiaries are given to the extent of available information.

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			2016-2017	2015-2016
APAG Elektronik AG	Subsidiary	Switzerland	100%	100%
APAG Elektronik s.r.o.	Subsidiary	Czech Republic	100%	100%
CoSyst Control Systems GmbH	Subsidiary	Germany	100%	100%
APAG Elektronik LLC	Subsidiary	US	100%	100%
APAG Elektronik S. De R.L. De C.V.	Subsidiary	Mexico	100%	-
APAG Services S. De R.L. De C.V.	Subsidiary	Mexico	100%	-

34. **Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries.**

Name of the Company	Net assets i.e. Total assets		Share in profit or loss		Share in Other		Share in total Comprehensive	
	As % of consolidated net assets	Amount Rs in millions	As % of consolidated profit or loss	Amount Rs in millions	As % of consolidated other	Amount Rs in millions	As % of Total Comprehensive Income	Amount Rs in millions
Parent Kanoria Chemicals & Industries Limited	79.18%	4,663.64	62.50%	148.09	41.69%	1.49	64.10%	149.58
Subsidiaries **Indian** Pipri Limited	2.78%	163.47	7.93%	18.79	58.31%	2.09	8.94%	20.87
Foreign Kanoria Africa Textiles PLC	10.82%	637.33	-129.65%	(307.20)	-	-	-131.64%	(307.20)
APAG Holding AG (Consolidated)	5.71%	336.18	-3.13%	(7.42)	-	-	-3.18%	(7.42)
Minority interest in all subsidiaries	1.52%	89.52	-37.64%	(89.19)	-	-	-38.22%	(89.19)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35: Related Party Disclosures

(i) List of related parties and relatives with whom transaction taken place:

Name of the Related Parties	Relationship
1. Vardhan Limited	Holding Company
2. Mr. R. V. Kanoria - Chairman & Managing Director	Key Management Personnel (KMP)
3. Mr. S. V. Kanoria - Whole Time Director	
4. Mr. Amitav Kothari - Director	
5. Mr. H.K. Khaitan - Director	
6. Mr. Ravinder Nath - Director	
7. Mr. G. Parthasarathy - Director	
8. Mr. S. L. Rao - Director	
9. Mr. A. Vellayan - Director	
10. Mrs. M. Kanoria - Director	
11. Mr. T. D. Bahety - Whole Time Director*	
12. Mr. A. V. Kanoria	Relative of KMP
13. Mrs. V. Kanoria	
14. KPL International Limited	Enterprise over which KMP exercises significant influence
15. Kanoria Employees' Provident Fund Trust	Post Employment Benefit Plan entity

* Resigned on 27th May, 2016

(ii) Transaction with related parties:

(₹ in million)

Nature of Transaction	2016-2017				2015-2016			
	Holding Company	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit plan entity	Holding Company	KMP/ Relative of KMP	Enterprise over which KMP exercises significant influence	Post Employment Benefit plan entity
Remuneration	-	37.59	-	-	-	37.21	-	-
Directors' Fees	-	1.37	-	-	-	1.37	-	-
Dividend Paid	39.20	2.90	-	-	39.20	2.91	-	-
Purchases of Raw Material	-	-	65.74	-	-	-	7.05	-
Purchases of Fixed Assets	-	-	6.77	-	-	-	77.24	-
Other Services	-	-	-	-	-	-	1.33	-
Commission Paid	-	-	2.43	-	-	-	2.02	-
Rent received	-	-	0.58	-	-	-	0.55	-
Contribution during the year (includes Employees' share & contribution)	-	-	-	5.76	-	-	-	5.71
Balances as at 31st March								
Remuneration	-	0.26	-	-	-	0.69	-	-
Creditor	-	-	30.39	-	-	-	0.67	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36: Segment Information

(A) For management purposes, the Group is organised into business units based on its products and services and has following reportable segments:

i. Alco Chemicals ii. Solar Power iii. Electronic Automotive iv. Textile v. Others

(₹ in million)

Business Segment	Year ended 31st March 2017						Year ended 31st March 2016					
	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Others	Total	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Others	Total
Segment Revenue Revenue from operations (net of excise)	3,146.79	126.92	3,614.55	449.10	-	7,337.36	3,171.10	126.68	2,681.59	-	-	5,979.37
Segment Result	165.20	68.33	18.83	(276.41)	19.19	(4.86)	211.56	43.66	(213.25)	-	11.34	53.31
Less: (i) Finance Cost						201.92						139.54
(ii) Exceptional items						184.17						-
(iii) Other Un-allocable expenditure net off Un-allocable income						(74.30)						(72.19)
Profit before Tax						(316.65)						(14.04)
Tax Expense						(79.71)						57.89
Net Profit:						**(236.94)**						**(71.93)**
Segment Assets	4,461.48	376.26	2,033.14	3,102.35	136.41	10,109.64	4,080.95	549.68	2,048.62	3,077.37	126.28	9,882.90
Un-allocable Corporate Assets						2,118.82						2,365.35
Total Assets:						12,228.46						12,248.24
Segment Liabilities	759.05	5.08	1,696.96	2,495.80	-	4,956.89	750.88	15.01	1,662.22	2,287.65	-	4,715.76
Un-allocable Corporate Liabilities						1,381.44						1,322.03
Total Liabilities:						6,338.33						6,037.79
Other Diclosures Capital Expenditure	294.16	0.06	143.61	27.78	-	465.61	366.83	0.67	269.68	910.66	-	1,547.84
Un-allocable Capital Expenditure						8.37						1.10
Total Capital Expenditure:						473.98						1,548.94
Depreciation & Amortization	154.43	41.18	158.67	91.56	-	445.84	159.97	41.15	133.14	-	-	334.26
Un-allocable Depreciation						8.71						8.95
Total Depreciation & Amortization:						**454.55**						**343.21**

(B) Secondary Segment information

(₹ in million)

Geographical Segment ====>	Year ended 31st March 2017			Year ended 31st March 2016		
	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	3,124.13	4,213.23	7,337.36	3,148.87	2,830.50	5,979.37
Segment Assets	7,034.57	5,193.89	12,228.46	7,070.01	5,178.23	12,248.24
Segment Liabilities	2,145.57	4,192.76	6,338.33	2,061.83	3,975.96	6,037.79
Capital Expenditure	302.59	171.39	473.98	368.60	1,180.34	1,548.94

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(C) Other Disclosures

Basis of pricing inter/Intra segment transfer and any change therein:

At prevailing market-rate at the time of transfers.

Segment Accounting Policies

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company and its subsidiaries.

Type of products included in each reported business segment:

Alco Chemicals business includes Pentaerythritol, Sodium Formate, Acetaldehyde, Formaldehyde & Hexamine etc., Solar Power business includes Power generation from Solar energy, Textile business includes yarn & denim manufacturing, Electronic Automotive business includes electronic & mechatronic modules etc and others includes Financial Activities & others.

37 : Category-wise classification of Financial Instruments

(₹ in million)

	Refer Note	Non Current			Current		
		31st March 2017	31st March 2016	1st April 2015	31st March 2017	31st March 2016	1st April 2015
Financial Assets							
Measured at amortised cost							
Investments	5A&B	-	-	10.79	-	-	89.65
Trade Receivables	10	-	-	-	1,144.10	876.91	747.45
Cash and cash equivalents	11A	-	-	-	157.43	181.75	332.32
Other Bank balances	11B	-	-	-	375.49	377.87	15.38
Loans	6	0.64	0.58	14.36	1.26	4.36	5.14
Other Financial Assets	7	22.52	16.76	17.10	35.72	20.30	41.67
Measured at fair value through profit or loss							
Investments	5A&B	719.85	822.02	964.30	41.08	288.99	159.31
Measured at fair value through other comprehensive income							
Investments	5A	241.02	264.08	696.37	-	-	-
Total Financial Assets		**984.03**	**1,103.44**	**1,702.92**	**1,755.08**	**1,750.18**	**1,390.92**
Financial Liabilities							
Measured at amortised cost							
Borrowings	15 & 19	2,656.48	2,663.21	1,840.61	1,116.09	1,265.32	961.16
Trade Payables	20				914.11	501.31	608.46
Other Financial Liabilities	16	45.75	51.10	49.98	707.11	652.66	722.06
Measured at fair value through profit or loss							
Other Financial Liabilities	16	14.85	7.67	-	3.03	1.18	-
Total Financial Liabilities		**2,717.08**	**2,721.98**	**1,890.59**	**2,740.34**	**2,420.47**	**2,291.68**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 : Fair Value Measurements of Financial Instruments

The following table provides fair value measurement hierarchy of the Group's financial assets and liabilities:

(₹ in million)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2017		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss			
Quoted Preference shares	57.63	-	-
Quoted Mutual funds	206.25	-	-
Unquoted Mutual funds	-	41.08	-
Unquoted Alternate Investment funds	-	334.67	-
Unquoted Equity funds	-	121.30	-
Financial assets measured at fair value through other comprehensive income			
Quoted Equity Shares	5.93	-	-
Unquoted Equity Shares	-	-	8.36
Quoted Debentures/Bonds	226.73	-	-
Financial liabilities measured at fair value through profit or loss			
Forward Exchange contract (Net)	17.88	-	-

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2016		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss			
Quoted Preference shares	52.95	-	-
Quoted Mutual funds	496.64	-	-
Unquoted Mutual funds	-	161.69	-
Unquoted Alternate Investment funds	-	321.72	-
Unquoted Equity funds	-	78.02	-
Financial assets measured at fair value through other comprehensive income			
Quoted Equity Shares	4.34	-	-
Unquoted Equity Shares	-	-	8.40
Quoted Debentures/Bonds	251.33	-	-
Financial liabilities measured at fair value through profit or loss			
Forward Exchange contract (Net)	8.85	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

Financial assets/financial liabilities	Fair value hierarchy as at 1st April 2015		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value through profit or loss			
Quoted Preference shares	149.13	-	-
Quoted Mutual funds	598.05	-	-
Unquoted Mutual funds	-	67.66	-
Unquoted Alternate Investment funds	-	177.89	-
Unquoted Equity funds	-	130.89	-
Financial assets measured at fair value through other comprehensive income			
Quoted Equity Shares	5.38	-	-
Unquoted Equity Shares	-	-	8.40
Quoted Debentures/Bonds	682.60	-	-

Financial Instruments measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair value since the Group does not anicipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

39: Financial Risk Management - Objectives and Policies

The Group's principal financial liabilities comprise borrowings, trade payables, other financial liabilities and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets include investments, trade receivables, cash and cash equivalents, other bank balances and loans.

The Group is exposed to market risk and credit risk. The Group has a Risk management policy and its management is supported by a Risk management committee that advises on risks and the appropriate risk governance framework for the Group. The Risk management committee provides assurance to the Group's management that the Group's risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTOCI investments, FVTPL investments, trade payables, trade receivables, etc.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a foreign currency exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. The Group monitors the foreign exchange fluctuations on continuous basis and advises the management of any material adverse effect on the Group and for taking risk mitigation measures. The Group enters into forward exchange contracts against its foreign currency exposure relating to recognised underlying liabilities and firm commitments. The Group does not enter into any derivative instruments for trading or speculative purposes.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD, Euro and SGD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	31st March 2017			31st March 2016		
	USD	Euro	SGD	USD	Euro	SGD
Foreign Currency Receivable/ (Payable) (Net)	341.85	184.77	(98.21)	83.09	181.20	(312.04)
Depreciation in Indian Rupees	5%	5%	5%	5%	5%	5%
Effect on Profit before Tax	17.09	9.24	(4.91)	4.15	9.06	(15.60)
Appreciation in Indian Rupees	5%	5%	5%	5%	5%	5%
Effect on Profit before Tax	(17.09)	(9.24)	4.91	(4.15)	(9.06)	15.60

(b) Commodity price risks

The Group is affected by the price volatility of methanol, one of its major raw material. Its operating activities require a continuous supply of methanol. The Group monitors price and demand/supply situation on continuous basis and advises the management of any material adverse effect on the Group and for taking risk mitigation measures.

Commodity price sensitivity

The following table shows the effect of price changes in Methanol on Profit before Tax, with all other variable held constant:

	31st March 2017			31st March 2016		
Consumption of Methanol		1395.35			1317.30	
Price change	+ 5%		-5%	+ 5%		-5%
Effect on Profit before Tax	(69.77)		69.77	65.87		(65.87)

(c) Equity price risks

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments/mutual funds. Reports on the investment portfolio are submitted to the Group's management on a regular basis.

Equity price sensitivity

The following table shows the effect of price changes in quoted and unquoted equity shares (other than that in subsidiaries), quoted preference shares, quoted and unquoted equity mutual funds, unquoted alternative investment funds and unquoted equity funds.

	31st March 2017			31st March 2016		
Investment		610.22			522.10	
Price change	+ 5%		-5%	+ 5%		-5%
Effect on Profit before Tax	30.51		(30.51)	26.10		(26.10)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on credit losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed as the Group does not hold collateral as security. The Group has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

(iii) Liquidity risk

Liquidity risk is the risk that Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial asset and liabilities. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

The table below analysis financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in million)

	Less than 1 year	Between 1 to 5 years	Over 5 years	Total	Carrying value
As at 31st March, 2017					
Borrowings (refer note 15 & 19)	1,510.72	1,797.45	859.05	4,167.22	4,167.04
Trade payable (refer note 20)	914.11	-	-	914.11	914.11
Other financial liabilities (refer note 16)	435.98	60.60	-	496.58	376.27
As at 31st March, 2016					
Borrowings (refer note 15 & 19)	1,634.15	1,569.64	1,093.75	4,297.54	4,295.44
Trade payable (refer note 20)	501.31	-	-	501.31	501.31
Other financial liabilities (refer note 16)	423.61	58.77	-	482.38	345.70
As at 31st March, 2015					
Borrowings (refer note 15 & 19)	1,481.93	873.23	969.48	3,324.64	3,318.69
Trade payable (refer note 20)	608.46	-	-	608.46	608.46
Other financial liabilities (refer note 16)	345.67	49.98	-	395.65	255.12

40: Capital Management

The Group's objective when managing capital (defined as net debt and equity) are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefit for other stakeholders, while protecting and strengthening the balance sheet through the appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions and strategic objectives of the Group. The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

41: Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(a) Equity Investments measured at FVTOCI

The company has exercised the option to measure investment in equity instruments, not held for trading at FVTOCI in accordance with Ind AS 109. It has exercised this irrevocable option for its class of quoted equity shares. The option renders the equity instruments elected to be measured at FVTOCI non recyclabe to PL.

(b) Business Model for Investment of Debt Instruments

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in quoted debentures and bonds is to collect the contractual cash flows and sell the financial asset . Such financial assets have been accordingly classified and measured at FVTOCI.

For the purpose of measuring investments in debt instruments in accordance with Ind AS 109, the company has evaluated and determined that the business model for investments in unquoted debentures and bonds is only to collect the contractual cash flows . Such financial assets have been accordingly classified and measured at amortised cost.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Defined benefit plans

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. Further details about gratuity obligations are given in Note 32.

(b) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 38 for further disclosures.

42: First-time adoption of Ind AS

These financial statements, for the year ended 31st March 2017, are the first the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1st April 2015, the company's date of transition to Ind AS.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has applied the following exemptions -

(i) The company has elected to measure all items of land and site development, leashold land and site development, buildings and plant and equipment at fair value at the date of transition to Ind AS. For the purpose of measurement upon transition the company regards the fair value as deemed cost at the transition date, viz., 1st April 2015.

(ii) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

(iii) The Company has designated investment in equity instruments (other than investment in subsidairies) held at 1st April 2015 as fair value through Other Comprehensive Income (OCI) investments.

(iv) The estimates at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

a. FVTOCI – unquoted equity shares

b. FVTOCI – debt securities

c. Impairment of financial assets based on expected credit loss model

d. FVTPL - Unquoted Equity Shares

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2015, the date of transition to Ind AS and as of 31st March 2016.

EFFECT OF IND AS ADOPTION ON THE CONSOLIDATED BALANCE SHEET

As on 31st March 2016 and 1st April 2015

(₹ in million)

	Foot-notes	As at 31st March 2016			As at 1st April 2015		
		Previous GAAP	Effect of Transition to Ind AS	As per Ind AS Balance Sheet	Previous GAAP	Effect of Transition to Ind AS	As per Ind AS Balance Sheet
ASSETS							
Non-Current Assets							
(a) Property, Plant and Equipment		3,124.62	1,469.65	4,594.27	3,014.04	1,481.11	4,495.15
(b) Capital Work-in-Progress		2,871.90	(185.40)	2,686.50	1,815.52	(203.14)	1,612.38
(c) Goodwill		337.86	-	337.86	294.46	-	294.46
(d) Other Intangible Assets		190.72	0.12	190.84	128.16	(0.02)	128.14
(e) Financial Assets							-
(i) Investments	1	985.00	101.10	1,086.10	1,496.83	174.63	1,671.46
(ii) Loans		0.58	-	0.58	14.36	-	14.36
(iii) Others	9	36.94	(20.18)	16.76	18.78	(1.68)	17.10
(f) Other Non-Current Assets	9	20.45	0.49	20.94	115.55	1.80	117.35
		7,568.07	**1,365.78**	**8,933.85**	**6,897.70**	**1,452.70**	**8,350.40**
Current Assets							
(a) Inventories		802.58	1.67	804.25	757.86	0.58	758.44
(b) Financial Assets							
(i) Investments	1	261.14	27.85	288.99	247.50	1.46	248.96
(ii) Trade Receivables		876.83	0.08	876.91	747.45	-	747.45
(iii) Cash and Cash Equivalents		181.46	0.29	181.75	332.15	0.17	332.32
(iv) Bank Balances other than (iii) above		377.85	0.02	377.87	15.38	-	15.38
(v) Loans		4.34	0.02	4.36	5.12	0.02	5.14
(vi) Others	9	20.77	(0.47)	20.30	41.62	0.05	41.67
(c) Current Tax Assets (Net)		182.36	-	182.36	254.96	-	254.96
(d) Other Current Assets	9	576.59	1.01	577.60	517.97	1.21	519.18
		3,283.92	**30.47**	**3,314.39**	**2,920.01**	**3.49**	**2,923.50**
Total Assets		**10,851.99**	**1,396.25**	**12,248.24**	**9,817.71**	**1,456.19**	**11,273.90**
EQUITY AND LIABILITIES							
EQUITY							
Equity Share Capital		218.49	-	218.49	218.49	-	218.49
Other Equity	1,2,3, 4,6,10	4,633.82	1,176.35	5,810.17	4,717.95	1,222.41	5,940.36
Equity attributable to equity holders of the parent		4,852.31	1,176.35	6,028.66	4,936.44	1,222.41	6,158.85
Non Controlling interests		186.97	(5.18)	181.79	159.13	(11.73)	147.40
Total Equity		**5,039.28**	**1,171.17**	**6,210.45**	**5,095.57**	**1,210.68**	**6,306.25**
Non-Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	6	2,650.37	12.84	2,663.21	1,831.07	9.54	1,840.61
(ii) Other financial liabilities	5,10	210.18	(151.41)	58.77	190.41	(140.43)	49.98
(b) Long Term Provisions	5	75.87	(11.49)	64.38	79.78	(10.69)	69.09
(c) Deferred Tax Liabilities (Net)	4	214.78	441.96	656.74	197.18	455.79	652.97
		3,151.20	**291.90**	**3,443.10**	**2,298.44**	**314.21**	**2,612.65**
Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		1,265.32	-	1,265.32	961.16	-	961.16
(ii) Trade Payables		501.28	0.03	501.31	607.89	0.57	608.46
(iii) Other financial liabilities	5,6,10	653.54	0.30	653.84	723.44	(1.38)	722.06
(b) Other Current Liabilities		140.15	0.24	140.39	44.30	0.06	44.36
(c) Provisions	3,5	101.22	(67.39)	33.83	86.91	(67.95)	18.96
		2,661.51	**(66.82)**	**2,594.69**	**2,423.70**	**(68.70)**	**2,355.00**
Total Liabilities		**5,812.71**	**225.08**	**6,037.79**	**4,722.14**	**245.51**	**4,967.65**
Total Equity and Liabilities		**10,851.99**	**1,396.25**	**12,248.24**	**9,817.71**	**1,456.19**	**11,273.90**

EFFECT OF IND AS ADOPTION ON THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31st March 2016

(₹ in million)

	Foot-notes	Previous GAAP	Effect of Transition to Ind AS	As per Ind AS
Income				
Revenue from operations	5	5,651.29	328.08	5,979.37
Other income	1,9	196.61	(28.23)	168.38
Total Income		5,847.90	299.85	6,147.75
Expenses				
Cost of raw materials and components consumed		3,375.64	-	3,375.64
Purchase of traded goods		16.41	-	16.41
Change in inventories of finished goods and work-in-progress		31.30	(0.81)	30.49
Excise duty on sale of goods	5	-	328.08	328.08
Employee benefits expenses	5,8	967.91	(6.34)	961.57
Depreciation and amortisation expenses		317.25	25.96	343.21
Finance costs	2,6,10	135.69	3.85	139.54
Other expenses	2,9	961.59	5.26	966.85
Total expenses		5,805.79	356.00	6,161.79
Profit/(loss) before tax		42.11	(56.15)	(14.04)
Tax expenses:				
1. Current tax		65.05	-	65.05
2. MAT		(14.79)	-	(14.79)
3. Deferred tax	4	15.33	(9.78)	5.55
4. For earlier years		2.08	-	2.08
Profit for the year		**(25.56)**	**(46.37)**	**(71.93)**
Other comprehensive income (OCI)				
A. Items that will not be reclassified to Profit or Loss (PL) -				
1. Actuarial gain/(loss) on Defined Benefit Obligations	8	-	(6.34)	(6.34)
Income Tax Effect	4	-	2.19	2.19
2. Net gain/(loss) on FVTOCI Equity securities	1	-	(1.03)	(1.03)
Income Tax Effect		-	-	-
Net OCI not to be reclassified to PL in subsequent periods		-	(5.18)	(5.18)
B. Items that will be reclassified to Profit or Loss (PL) -				
1. Net gain/(loss) on FVTOCI debt securities	8	-	10.42	10.42
Income Tax Effect	4	-	(1.20)	(1.20)
2. Exchange Differences on translation of foreign operations		-	-	-
Income Tax Effect		-	-	-
3. (Gain)/loss transferred to PL upon Recycling of FVTOCI Debt Instruments	1	-	(26.59)	(26.59)
Income Tax Effect	4	-	3.07	3.07
Net OCI to be reclassified to PL in subsequent periods	**8**	**-**	**(14.30)**	**(14.30)**
Other Comprehensive Income for the year, net of tax		**-**	**(19.48)**	**(19.48)**
Total Comprehensive Income for the year		**(25.56)**	**(65.85)**	**(91.41)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Footnotes to the reconciliation of equity as at 1st April 2015 and 31st March 2016 and Profit or Loss for the year ended 31st March 2016

This note explains the principal adjustments made by the company in restating its Indian GAAP consolidated financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

1 Investments at Fair Value (FVTOCI and FVTPL financial assets)

Under Indian GAAP, the Company accounted for investments in quoted equity shares and long term investments in debt securities as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTOCI investments. Ind AS requires FVTOCI investments to be measured at fair value. At the date of transition to Ind AS and as on 31st March 2016, difference between the instrument's fair value and Indian GAAP carrying amount has been recognised in the OCI net of related deferred taxes.

Under Indian GAAP, the Company accounted for investments in unquoted equity shares, quoted preference shares, long term investments in mutual funds, alternate investment funds and equity funds as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS and as on 31st March 2016, difference between the instrument's fair value and Indian GAAP carrying amount has been recognised in Retained earnings and statement of profit and loss respecively.

The difference between amortised cost and the Indian GAAP carrying amount has been recognised in retained earnings for investments measured at amortised cost basis.

2 Derivative Instruments

The fair value of forward foreign exchange contracts is recognised under Ind AS, and was not recognised under Indian GAAP. The company was accounting for derivate contracts under the Indian GAAP using AS 11 - 'Effects of Changes in Foreign Exchange Rates'. The difference between the fair value and the Indian GAAP carrying amount has been recognised in retained earnings on the date of transition to Ind AS.

3 Dividend

Under Indian GAAP, proposed dividends including Dividend Distribution Taxes (DDT) are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid.

In case of the Company, the declaration of dividend occurs after period end. Therefore, the liability recorded for dividend has been derecognised against retained earnings on 1st April 2015.

4 Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

5 Re-classifications

The Company has made following reclassification as per the requirements of Ind-AS:

i) Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.

ii) Acturial gain/loss on long term employee benefit plans are re-classified from profit and loss to OCI.

iii) Under Previous GAAP revenue from sale was shown net of excise duty, whereas under Ind AS this includes excise duty.

6 Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Footnotes to the reconciliation of equity as at 1st April 2015 and 31st March 2016 and Profit or Loss for the year ended 31st March 2016

7 Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

8 Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9 Security Deposit

The company has made a security deposit with a supplier as part of it's arrangement with the supplier. Under Indian GAAP, the deposit was carried at the transaction value in the company's books. However, under Ind AS the company has measured the deposit at it's fair value by taking time value of money over the life of the contract into consideration. The difference between the carrying value of the deposit under IGAAP and Ind AS has been adjusted as prepaid electricity charges which is being amortised on a straight line basis over the life of contract.

10 Lease Obligation liability

Under Indian GAAP, the Company accounted for long term liabilities at cost. Under Ind AS, such liabilities are classified as amortized cost. At the date of transition to Ind AS and as on 31st March, 2016, difference between the liabilities' fair value and Previous GAAP carrying amount has been recognised in Retained earnings, (liability head) and finance cost.

43. Figures for the previous year have been regrouped/rearranged, wherever found necessary.

Signature to Note 1 to 43

For SINGHI & CO.
Chartered Accountants
Firm Registration No.302049E

ANURAG SINGHI
Partner
Membership No. 66274

Place: New Delhi
Date: 30th May, 2017

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

Salient Features of Financial Statements of Subsidiary Companies for the year ended 31st March, 2017, pursuant to Companies Act, 2013

(₹ in million)

Name of Subsidiaries ⟶	Pipri Limited	Kanoria Africa Textiles Plc	APAG Holding AG (Consolidated)
Country of incorporation	India	Ethiopia	Switzerland
Principal Business Activites	Investments	Textile	Electronic Automotive
Reporting Currency	INR	USD	CHF
Exchange Rate as on 31.3.2017		Rs. 64.8386	Rs. 64.8559
(a) Equity Share Capital	46.51	933.68	19.46
(b) Other Equity	116.96	(513.71)	(157.56)
(c) Total Assets	164.64	3,102.35	2,033.14
(d) Total Liabilities	1.17	2,682.38	2,171.24
(e) Investments*	163.82	-	-
(f) Turnover	19.34	449.09	3,614.55
(g) Profit/(Loss) before Taxation	19.19	(418.42)	(8.41)
(h) Provision for Taxation	0.40	-	16.09
(i) Profit/(Loss) after Taxation	18.79	(418.42)	(24.50)
(j) Other comprehensive income for the year, net of tax	2.08	-	-
(k) Total comprehensive income for the year	20.87	(418.42)	(24.50)
(l) Proposed Dividend	-	-	-
(m)% of Shareholding	100.00%	78.68%	100.00%

* Excluding Investment in Subsidiaries

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

R. V. KANORIA
Managing Director
(DIN:00003792)

Place: New Delhi
Date: 30th May, 2017

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

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