Kanoria Chemicals & Industries Limited

ANNUAL REPORT

2017-18

ANNUAL REPORT

2017-18

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

Jitendra K. Agarwal & Associates
5 A, Nandalal Jew Road
Kolkata - 700 026

Bankers

DBS Bank Limited
HDFC Bank Limited
Yes Bank Limited


rehm

BOARD OF DIRECTORS

Mr. R.V. Kanoria

Mr. Sidharth K. Birla

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


R&D
CENTER

TABLE OF CONTENTS

CHAIRMAN'S STATEMENT	03
THE YEAR IN REVIEW	04
NEW FRONTIERS	07
VALUE	09
DIRECTOR'S REPORT	12
REPORT ON CORPORATE GOVERNANCE	34
GENERAL SHAREHOLDERS' INFORMATION	43
INDEPENDENT AUDITOR'S REPORT	50
BALANCE SHEET	56
STATEMENT OF PROFIT & LOSS	57
STATEMENT OF CHANGES IN EQUITY	58
CASH FLOW STATEMENT	59
CONSOLIDATED BALANCE SHEET	97
CONSOLIDATED STATEMENT OF PROFIT & LOSS	98
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	99
CONSOLIDATED CASH FLOW STATEMENT	100

CHAIRMAN'S STATEMENT

The global economy is picking up with significant improvement in global trade and investment recovery in advanced economies.

The Indian economy continues to improve its growth trajectory. This is reflected in improvement in trade and strengthening private investment. Inflation has been under check and the new fiscal environment promises good dividends.

We, however, have to remain cautious about the rise in oil prices which creates a negative pressure on the balance of payments and could lead to pressure on the value of the Rupee.

The majority government at the Centre is in its fourth year. During this time it has taken significant steps including rationalization of taxation. It has also effectively tackled the long pending issue of nonperforming assets in the banking sector. The introduction of Goods & Services Tax (GST) and the Insolvency & Bankruptcy Code (IBC) will have far reaching positive impact. Both the GST and IBC are, however, in a nascent stage and the government has to be sensitive to make sure that required modifications and corrections are done timely and effectively.

During the year under review, the performance of the Company remained under pressure. The future, however, is looking much brighter. The chemicals business suffered from fluctuating commodity prices, particularly in inputs required for the products of the Company.

It is heartening to note that both plants of the Company in Ankleshwar, Gujarat and Vizag, Andhra Pradesh continue to run efficiently. As a result, we have been able to withstand pressures in the market. The Company is now looking to add a third location for a new plant in Andhra Pradesh.

The performance of our automobile electronics business in Europe has been exceedingly good and strategic initiatives have proved to be rewarding. In a span of five years the turnover of this business has increased by over 250%. The bottom line is also showing commensurate growth. In order to expand the business, another plant is being set up in Windsor, Canada to cater to the North American market. The entire automobile electronics business is carried out by APAG Holdings under APAG Elektronik AG.

The Denim plant in Ethiopia is now showing signs of turning the corner. The most difficult issues of labour turnover and inconsistent quality have been largely overcome.

In order to align the product mix to current market requirements, some fresh investments are being made to add a ring spinning section. The Company is also getting into integrated manufacturing by adding garmenting in a small way. The losses of last year are much lower than previous years and further improvement is expected next year.

Moving forward, I am optimistic on the future course of economic developments and combined with our initiatives I also remain confident about the Company's performance in the coming year.

I am grateful to the dedicated team in the Company and all its subsidiaries who have untiringly worked in challenging circumstances to bring back the Company into a profit on a consolidated basis.

R. V Kanoria
Chairman & Managing Director

THE YEAR IN REVIEW

During the year 2017-18, the Indian economy witnessed improvement in its growth trajectory. After a brief slowdown in the first quarter, GDP growth is back on track and India continues to be one of the fastest growing economies in the world.

While inflation has been under check and private investment on the upswing, there is still some cause of concern on rising oil prices and the pressure it could create on the balance of payments and, in turn, on the value of the Rupee.

Significant policy measures were taken during the year towards rationalization of taxation. Introduction of the Goods & Services Tax (GST) is expected to have considerable positive impact on businesses and the economy. At the same time, addressing the persistent problem of nonperforming assets in the banking sector through the introduction of the Insolvency & Bankruptcy Code (IBC) should further strengthen the economy.

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

The performance of the Kanoria Chemicals Group (consolidated), during the year under review, has shown significant improvement due to better efficiencies and strategic initiatives.

The financial performance of the Company, however, remained under pressure due to volatility in the prices of key raw materials. The impact of this to some extent was mitigated by improved production efficiency in Alco Chemicals segment. The Revenue from Operations, excluding excise duty applicable till June 2017, increased by 15% from Rs. 2,957 million in the previous year to Rs. 3,387 million in the current financial year. The Profit before tax decreased from Rs. 91 million to Rs. 82 million. The Profit for the year was at Rs. 56 million and Earning per Share was at Rs. 1.28 as compared to Rs. 4.28 in the previous financial year.

APAG CoSyst Group engaged in Electronic Automotive segment under APAG Holding AG, the Switzerland based wholly owned subsidiary of the Company, continued to yield rich dividend from strategic initiatives taken in its various group companies. The Revenue from this segment increased by 15% from Rs. 3,615 million in the previous year to Rs. 4,152 million in the current financial year. APAG CoSyst Group earned a profit of Rs. 165 million during the year as against a loss of Rs. 25 million in the previous financial year.

Kanoria Africa Textiles plc (KAT), another foreign subsidiary of the Company based in Ethiopia has also demonstrated improved performance and efficiency notably at production and quality levels in its second year of operations. Revenue from this segment increased by 84% from Rs. 449 million in the previous year to Rs. 828 million in the current financial year. KAT incurred a loss of Rs. 116 million during the year as against loss of Rs. 418 million in the previous financial year.

The Consolidated Revenue from Operations, excluding excise duty applicable till June 2017, grew by 19% to Rs. 8,368 million as against Rs. 7,020 million in the previous financial year. The consolidated profit for the year was at Rs. 116 million as against a loss of Rs. 237 million in the previous year. The total comprehensive income at consolidated level attributable to the Shareholders of the Company was at Rs. 117 million as against loss of Rs. 144 million in the previous year.

Alco Chemicals Segment

Industry structure and development

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

The Company's choice of technology for the Formaldehyde plants uses the FORMOX process, which ensures lower operational cost and higher

Solar Panels, Jodhpur

product purity. The Company is one of the only Indian manufacturers operating on this technology. The Pentaerythritol and Hexamine manufacturing technologies have been developed in-house by the Company and has been refined over the years to compete globally on cost and quality.

The Company's state-of-the-art resin production plant has a collaborative agreement with Hexion Inc. - the global leader in thermoset resins, and ASK Chemicals – a global player in foundry solutions and resins. These collaborations enable the Company to add specialized, high-value products to its manufacturing portfolio.

Opportunities

- Being a high volume product and high cost of transportation, the Company is currently only able to service Formaldehyde consumers in the West (from the Ankleshwar plant) and East (from the Vizag plant) of India. The Company proposes to add a new plant in Andhra Pradesh. With large new manufacturing capacities for wood products (big consumers of Formaldehyde) scheduled to be operational in the South, the Company would be poised well to cater to this increase in 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 infusion to increase production and reduce costs.

Threats

- Inordinate fluctuations in Methanol and Phenol prices could affect margins, and possibly increase inventory carrying risk.
- Cheaper imports of Pentaerythritol or Hexamine could reduce margins.

Performance

The operations of the Alco Chemicals Division remained stable during the year. Production and sale of products of the Division 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.
- The Medium-density Fibreboard (MDF) industry, a big consumer of Formaldehyde, is growing, thus augmenting demand for Formaldehyde in the Indian market.

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.

Threats

- Lack of enforcement of the Renewable Purchase Obligation scheme.
- Downward revision of prices of Renewable Energy Certificates will lower revenues.

Performance

The operations of the Solar Power Division remained stable through the year. Choice of technology for the project resulted in the Division to be amongst projects with the highest performance ratio in the country. Revenue accrual, however, was lower than the previous year on account of reduction in the price of RECs, subsequent suspension of trading in RECs, as well as higher depreciation costs.

Outlook

- The Division expects stable operations to continue.
- With resumption of trading in RECs, revenue accrual expected to improve.
- 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

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:

- Cheap imports and dumping by other countries threaten to adversely impact domestic prices leading to lower margins.
- Extreme volatility in prices of raw materials and other inputs could lead to fluctuating margins, and possibly have a overall negative impact on profitability as a result of 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

The Company has consistently laid focus on people development and the role played by its human resources in inculcating organisational excellence in fast changing business environment. The company adopts good HR practices to impart 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 during the year was approximately 310.

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

RENEWABLE ENERGY

The Company's initiative in the standalone renewable energy generation began in the year 2012. With a current generation capacity of 5.0 MW, 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 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.

Solar Panels, Jodhpur

The renewable energy sector, however, continues to face policy implementation and procedural difficulties. The Renewable Purchase Obligation Scheme is weakly implemented which has compelled the Company to make a provision of unsold Renewable Energy Certificates (RECs) in its books. Last year, 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, and trading of RECs remained suspended. Although trading has resumed this year, further growth in the sector will depend on government policy and judicious regulation.

TEXTILES

With the objective of diversifying its product mix and reaching out to new geographies, the Company has set up an integrated denim manufacturing unit in Ethiopia, Africa through a subsidiary company Kanoria Africa Textiles plc (KAT) incorporated in Ethiopia. The composite plant starting 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 management systems and non-polluting electric boilers, making it a zero effluent facility, and one of the first Green Denim plants in the world.

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.

Operations of KAT during the year were stable with respect to production. There was considerable improvement in quality and packaging which are now commensurate with industry standards. The Company expects to operate at full installed capacity by the end of this year. The Company also continued to add new customers from the USA, Germany and Italy. In addition KAT is in advance discussion with many other major garment manufacturers.

Fabric manufacturing at Kanoria Africa Textiles plc, Ethiopia Jodhpur

There were cases of civic and political unrest in Ethiopia during 2017-18. KAT, however, was able to insulate itself through demonstration of its commitment and sensitivity to the community. The proactive social responsibility of the Company continued to pay dividend.

Ethiopia has the potential to be a major garmenting exporter as a result of government initiatives. 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. Towards leveraging this opportunity, KAT is getting into integrated manufacturing by adding garmenting in a small way.

AUTOMOTIVE & INDUSTRIAL ELECTRONICS

APAG Holding (operating under the brand APAGCoSyst Electronic Control Systems), a subsidiary of Kanoria Chemicals & Industries Ltd. is engaged in the business of automotive and industrial electronics. APAGCoSyst designs, develops and manufactures concept lighting and electronic control units (ECUs) for the automotive and other quality-conscious industries. End customers include automotive majors such as Volkswagen, Audi, Bentley, Bugatti, Lamborghini, BMW, Mini, Rolls-Royce, Jaguar, Land Rover, Renault, Alfa Romeo, and Jeep.

The Company continued to enjoy returns following the post-takeover growth structuring and investment with strong profitable growth in 2017-18.

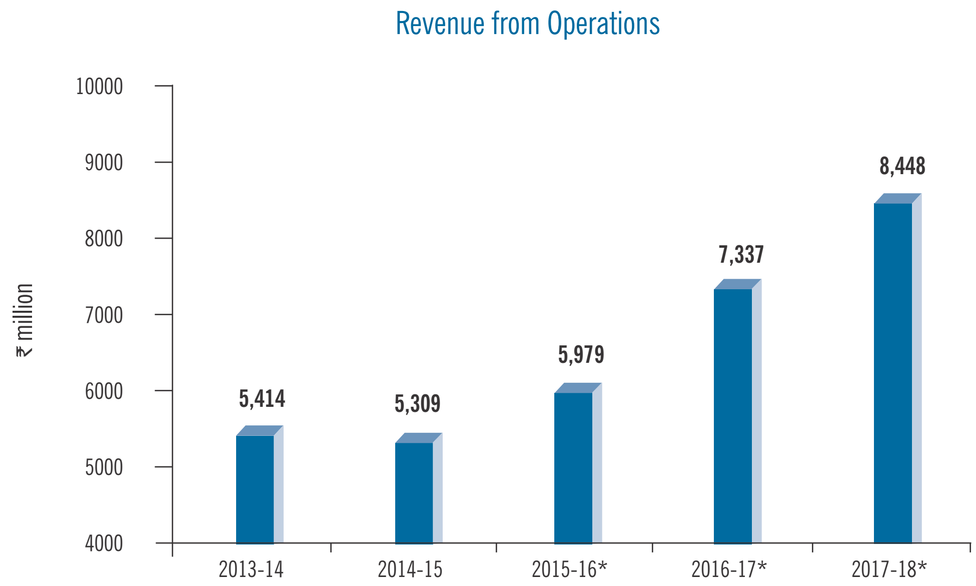
In response to customer interest, APAG has begun the second phase of construction for its primary production plant in the Czech Republic. The addition is expected to be commissioned in November 2018 and represents space required to satisfy already contracted business. Automotive customers demand global production and production redundancy. To tap this opportunity, APAG will commission its second production facility in Windsor, Canada, across the river from Detroit, USA in October 2018. Sales forecasts for this plant expect a two to three year period to achieve critical scale.

The Company is maintaining its strategy for a focus on concept lighting products in Europe and has enhanced the R&D group for concept lighting located in Nürnberg, Germany in the heart of the German automotive cluster with optical and mechanical expertise. For the ECU business and to help sales for the Canadian location, APAG has also launched a small R&D team in Windsor working with the legacy team in Switzerland. This team is already working on its first development project awarded by the North American division of an existing customer in Europe.

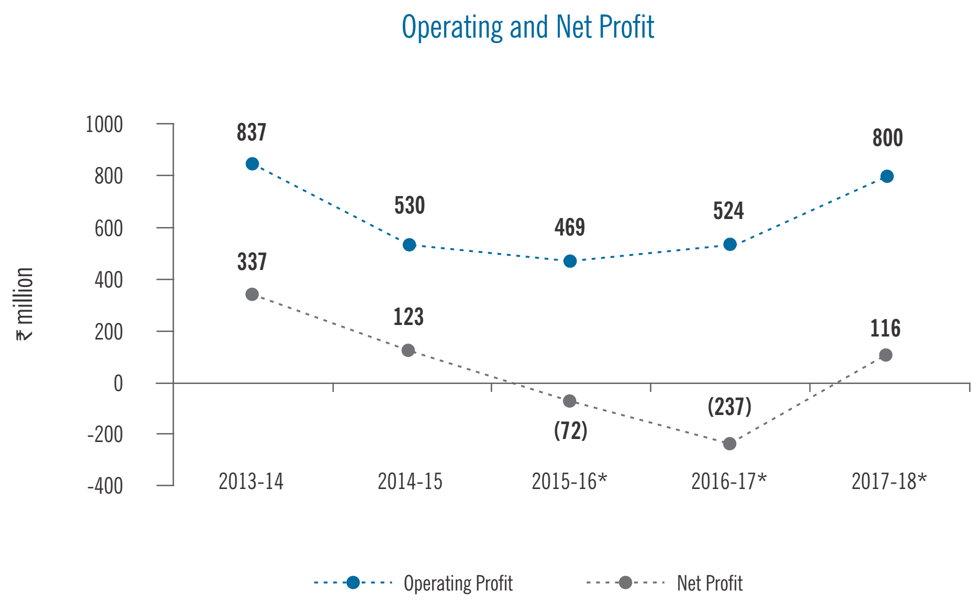
This year is a big step for APAGCoSyst with a dual geography market strategy. Sales efforts for Canada, aimed at existing European customers with North American operations, have been well received. Even prior to the launch of the production facility, the company has been awarded two projects. Also, the European business plan continues to look strong for coming years.

New SMT Line

VALUE

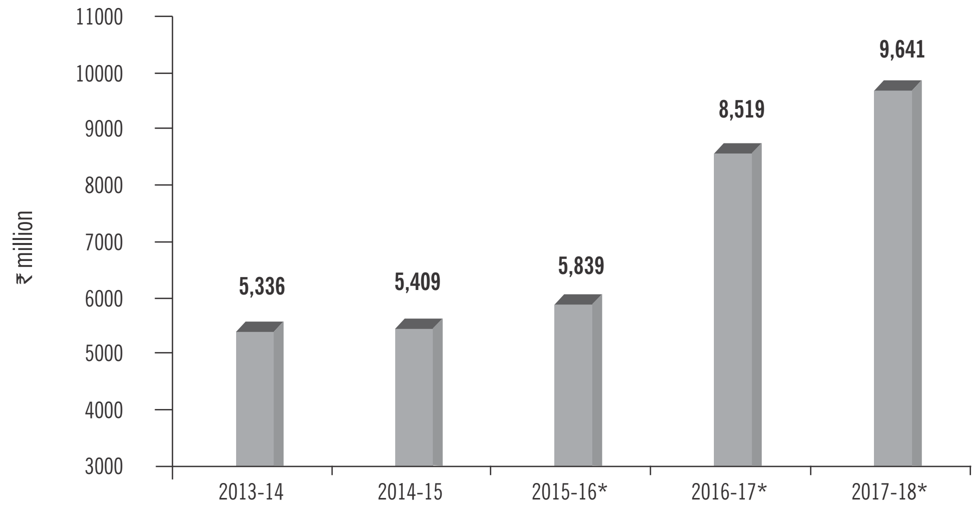


Revenue from Operations
₹ million
10000
9000
8000
7000
6000
5000
4000
5,414
5,309
5,979
7,337
8,448
2013-14
2014-15
2015-16*
2016-17*
2017-18*

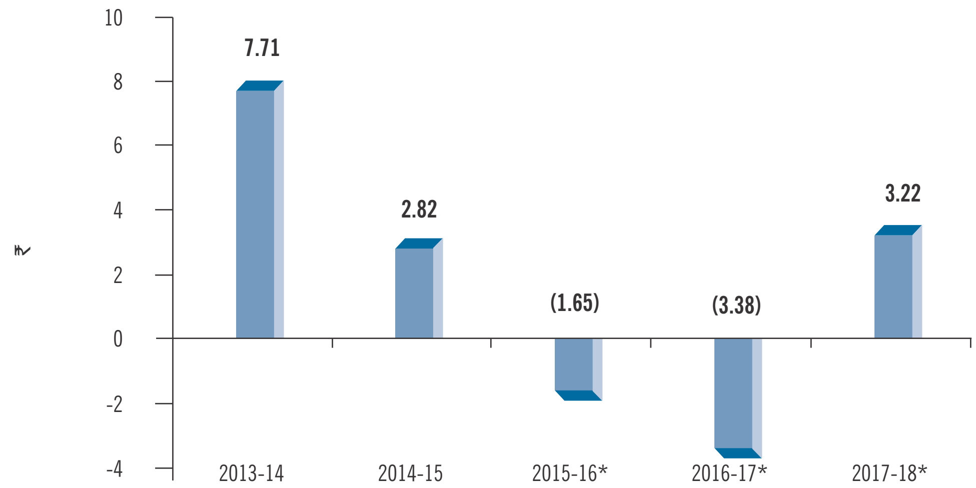


Operating and Net Profit
₹ million
1000
800
600
400
200
0
-200
-400
837
530
469
524
800
337
123
(72)
(237)
116
2013-14
2014-15
2015-16*
2016-17*
2017-18*
Operating Profit
Net Profit

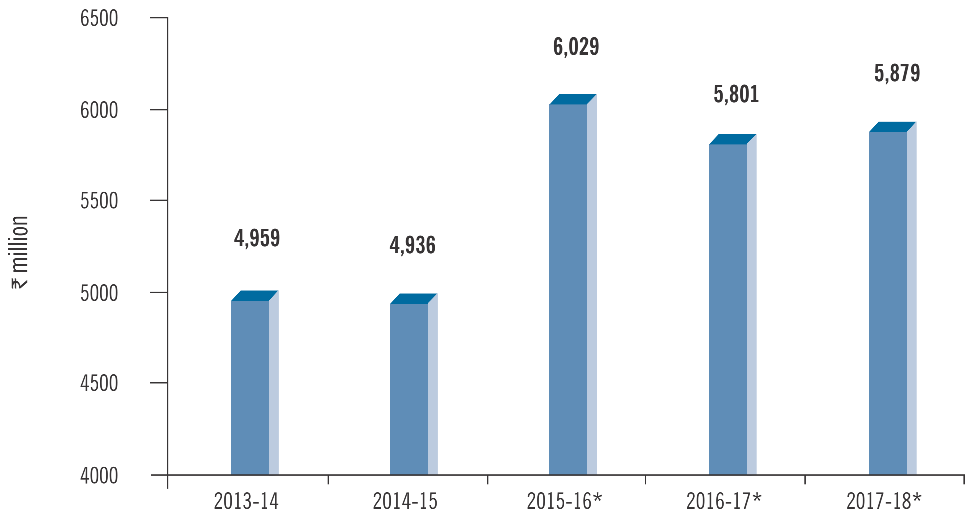
Gross Block



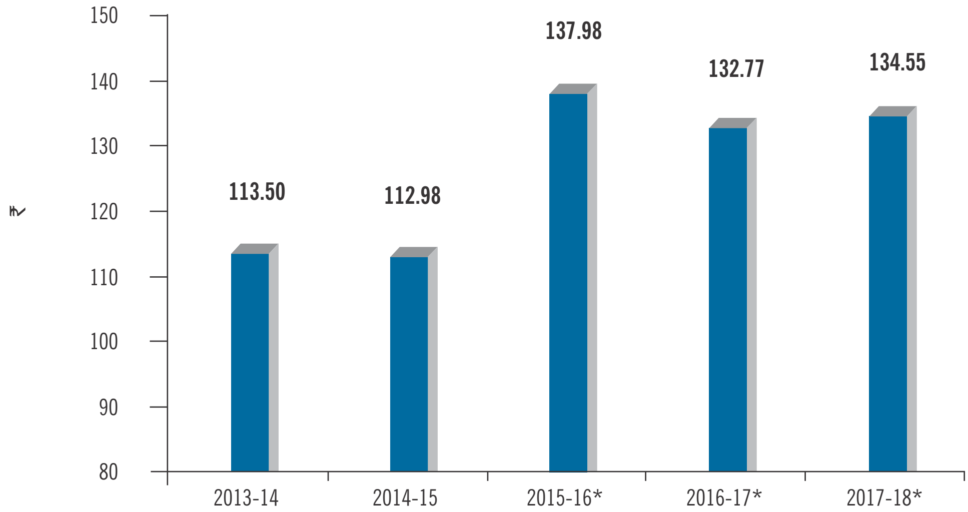
Earning per Share



Equity Shareholders Fund



Book Value per Share



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

YYour Directors have pleasure in presenting the Fifty Eighth Annual Report, along with the Audited Accounts of the Company for the financial year ended 31st March 2018.

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. The Report, read along with the other sections, 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 2018 is summarised below:

(Rs. in million)

Particulars	2017-2018	2016-2017
Total Income	**3,701.22**	**3,500.41**
Profit before Depreciation, Finance Cost, Tax and Exceptional items	364.87	512.15
Depreciation and Amortisation expenses	211.88	204.32
Finance Costs	70.58	32.67
Exceptional items	-	184.17
Profit before Tax	**82.41**	**90.99**
Less: Tax expenses	26.41	(96.21)
Profit for the year	**56.00**	**187.20**
Other Comprehensive income for the year, net of tax	(23.84)	1.49
Total Comprehensive income for the year	32.16	188.69

OVERVIEW

During the year under review, the performance of the Company remained under pressure. The Chemicals business suffered from fluctuating commodity prices, particularly in inputs required for the products of the Company. Due to efficient functioning of both of its plants in Ankleshwar, Gujarat and Vizag, Andhra Pradesh, the Company has withstood the pressures in the market. The future, however, is looking much brighter.

The technological upgradation in the Formaldehyde plant at Ankleshwar was completed during this year. The Company is now looking to add a third location for a new plant in Andhra Pradesh.

In the solar power segment, generation continues to be good.

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

SCHEME OF AMALGAMATION

The Board of Directors, in its Meeting held on 18th May 2018, has approved a Scheme of Amalgamation for the amalgamation of the Company's wholly owned subsidiary, Pipri Limited with the Company with effect from 1st April 2018, subject to necessary statutory and regulatory approvals, including sanction of the Hon'ble National Company Law Tribunal. The amalgamation will enable pooling and more effective utilisation of the combined resources thereby benefiting the Company, its shareholders and all concerned.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the close of the financial year 2017-18 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 2018.

CREDIT RATINGS

CARE Ratings Limited (CARE) has reaffirmed CARE A+ (Single A Plus) rating for the long-term bank facilities of the Company.

CARE has also reaffirmed 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 ("Listing Regulations") and provisions of the Companies Act, 2013, the audited Consolidated Financial Statement for the year ended 31st March 2018 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, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 14th November 2017, has re-appointed Shri R. V. Kanoria (DIN: 00003792) as the Managing Director of the Company for further period of three years with effect from 10th January 2018, subject to the approval of the shareholders of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors, at its meeting held on 18th May 2018, has appointed Shri Sidharth Kumar Birla (DIN: 00004213) as an Additional Director of the Company in the category of Independent Director, not liable to retire by rotation, for a period of 5 consecutive years with effect from 18th May, 2018, subject to the approval of the shareholders.

Shri Sidharth Kumar Birla has given his consent to act as Director and declared that he is eligible for appointment as a Director and meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 ("Act") and the Listing Regulations.

In the opinion of the Board, Shri Sidharth Kumar Birla fulfills the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations and is also independent of the Management.

As per Section 161 of the Companies Act, 2013, Shri Sidharth Kumar Birla as an Additional Director holds office up to the date of the 58th Annual General Meeting. The necessary resolution for his appointment as an Independent Director of the Company, not liable to retire by rotation, for a period of 5 consecutive years with effect from 18th May 2018, is being placed at the 58th Annual General Meeting for the approval of the shareholders. The Board of Directors recommends appointment of Shri Sidharth Kumar Birla as a Director in the interest of the Company.

Shri S. V. Kanoria (DIN: 02097441) retires by rotation at the ensuing AGM, under the applicable provisions of the Act, and being eligible, offers himself 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 Act.

Additional information, pursuant to the Listing Regulations, in respect of Directors seeking appointment/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 Listing Regulations.

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 2017-18, 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, a 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 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's focus will be on the following areas:

- 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.
- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation.

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. 1.80 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, Switzerland ("APAG") 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 incorporated a new wholly owned subsidiary in Canada by the name of APAG Elektronik Corp., to set up a manufacturing plant to cater to the North American market. Further, 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, in Mexico which were not in operation were liquidated. APAG now has APAG Elektronik AG, APAG Elektronik s.r.o, CoSyst Control Systems GmbH, APAG Elektronik LLC and APAG Elektronik Corp. as its wholly owned subsidiaries.

The performance of the Automobile Electronics business in Europe, carried out by APAG Group has been exceedingly good during the year and strategic initiatives have proved to be rewarding. In a span of five years, the turnover of this business has increased by over 250%. The bottom line is also showing commensurate growth.

The Denim plant of Kanoria Africa Textiles Plc. in Ethiopia is now showing signs of turning the corner. The most difficult issues of labour turnover and consistent quality have been largely overcome. In order to align the product mix to current market requirements, fresh investments are being made for adding a ring spinning section. Further, the company is also getting into integrated manufacturing by adding garmenting in a small way. The loss during the year is much lower than the previous years and further improvement in performance is expected in the coming years.

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 No. 36 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 concerns 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 2018 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, M/s. Jitendra K Agarwal & Associates, Chartered Accountants (Firm Registration No. 318086E) were appointed, at the 57th Annual General Meeting of the Company held on 4th September, 2017, as the Statutory Auditors of the Company for a term of 5 years commencing from the conclusion of the 57th AGM till the conclusion of the 62nd AGM.

The Auditors' Report for the financial year ended 31st March, 2018 does not contain any qualification, reservation or adverse remark.

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 2019, at a remuneration of Rs. 1,45,000/- (Rupees One Lakh Forty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental 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 2017-18. The Secretarial Audit Report for the financial year 2017-18 is provided as an Annexure to this Report. The Report does not contain any qualification, reservation or adverse remark.

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. The Board does not foresee any risk which may threaten the existence of the Company.

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, 2018, 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 2018 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.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

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: 18th May 2018

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. 89.82 million
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	Rs. 1.80 million.
5.	Details of CSR spent during the financial year.	
	(a) Total amount to be spent for the financial year;	Rs. 1.80 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)	Skill Development of Youth in Rural/Tribal area	Promotion of Education	1) Local Area 2) Jhagadia, Dist: Bharuch, Gujarat	Rs.0.20 Million	Direct Expenditure Rs.0.20 million	Rs.0.20 Million	Through implementing agency Sewa Rural, Jhagadia
2)	Skill Development for Female Students in Rural/Tribal area	Empowering Women through employment enhancing Skill Training	1) Local Area 2) Kakadkui, Dist: Bharuch, Gujarat	Rs.0.07 Million	Direct Expenditure Rs.0.07 Million	Rs.0.07 Million	Through implementing agency Madhav Vidyapeeth, Kakadkui
3)	Rural Medical Camp Contribution	Preventive Health Care inTribal/Rural Area	1) Local Area 2) Kakadkui, Dist: Bharuch, Gujarat	Rs.0.10 Million	Direct Expenditure Rs.0.10 Million	Rs.0.10 Million	Through implementing agencies - Ankleshwar Industries Association, Jayaben Modi Hospital, Lions Club of Ankleshwar
4)	Empowering Youth through Skill Development and Employment	Promotion of Education	1) Local Area 2) Vataria, Sengpur, Motali, Sarangpur, Dist: Bharuch Gujarat	Rs. 1.02 Million	Direct Expenditure Rs.1.02 Million	Rs.1.02 Million	Through implementing agency - Bunyaad Foundation, Delhi

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**
5)	Providing Quality Education in Rural School	Promotion of Education	1) Local Area, Visakhapatnam 2) Parvada Mandal, Visakhapatnam, Andhra Pradesh	Rs.0.41 Million	Direct Expenditure Rs.0.41 Million	Rs.0.41 Million	Through implementing agency M V Foundation, Secundrabad
	Grand Total			**Rs. 1.80 Million**	**Rs. 1.80 Million**	**Rs. 1.80 Million**	

6)	Details of implementing agencies	CSR projects are undertaken through NGOs/Associations such as 1. Sewa Rural, Jhagadia, 2. Bunyaad Foundation, Delhi, 3. Madhav Vidyapeeth 4. Ankleshwar Industries Association in association with other NGOs such as Lions Club of Ankleshwar, Jayaben Modi Hospital Ankleshwar, and 5. M. V. Foundation, Secundrabad.
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: 18th May 2018

Madhuvanti Kanoria
Chairperson, CSR Committee
DIN:00142146

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

Annexure To The Directors' Report

Form No. MGT-9 | EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2018

[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
(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, 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	44.36
2	Pentaerithritol	20119	27.80
3	Hexamine	20119	16.16

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	59.94%	2(46)
2	Pipri Limited Park Plaza, South Block 71 Park Street Kolkata-700 016	U67120WB1977PLC031082	Subsidiary	100%	2(87)
3	APAG Holding AG Zentrum Staldenbach 13 8808 Pfäffikon 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 Corp. 100 Ouellette Avenue, 1300 Windsor, Ontario, Canada N9A 6T3.		Wholly owned subsidiary of APAG Holding AG	-	2(87)
9	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 01.04.2017)				No. of Shares held at the end of the year (As on 31.03.2018)				% 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	1,528,386	0	1,528,386	3.50	(0.13)
(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	69.80	30,555,899	0	30,555,899	69.93	0.13
(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**	**73.43**	**32,084,285**	**0**	**32,084,285**	**73.43**	**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	27,000	29,100	0.07	0.00
(b) Banks / FI	63,149	1,125	64,274	0.15	55,230	1,125	56,355	0.13	(0.02)
(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	18,000	18,000	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)	**67,249**	**47,925**	**115,174**	**0.26**	**59,330**	**46,125**	**105,455**	0.24	(0.02)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 01.04.2017)				No. of Shares held at the end of the year (As on 31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) NON - INSTITUTIONS									
(a) Bodies Corporate									
(i) Indian	1,805,718	37,278	1,842,996	4.22	1,454,266	37,278	1,491,544	3.41	(0.81)
(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	7,072,304	435,528	7,507,832	17.18	7,558,760	369,383	7,928,143	18.14	0.96
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	746,039	30,000	776,039	1.78	1,046,619	30,000	1,076,619	2.47	0.69
(c) Any Other (Specify)									
NRI	551,541	21,945	573,486	1.31	315,974	21,945	337,919	0.77	(0.54)
Clearing Members	56,970	0	56,970	0.13	55,438	0	55,438	0.13	0.00
Trust	169,879	0	169,879	0.39	100	0	100	0.00	(0.39)
Other Directors & Relatives	15,304	1	15,305	0.03	15,214	1	15,215	0.03	0.00
Investor Education and Protection Fund	0	0	0	0.00	112,846	0	112,846	0.26	0.26
Unclaimed Suspense A/c	116,628	0	116,628	0.27	51,030	0	51,030	0.12	(0.15)
Sub-total (B) (2)	**10,534,383**	**524,752**	**11,059,135**	**25.31**	**10,610,247**	**458,607**	**11,068,854**	**25.33**	**0.02**
Total Public Shareholding (B) = (B) (1) + (B) (2)	**10,601,632**	**572,677**	**11,174,309**	**25.57**	**10,669,577**	**504,732**	**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)	**43,120,656**	**572,677**	**43,693,333**	**100.00**	**43,188,601**	**504,732**	**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 01.04.2017)			Shareholding at the end of the year (As on 31.03.2018)			% 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	26,190,872	59.94	0.00	0.13
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	461,481	1.06	0.00	461,481	1.06	0.00	0.06
5	Saumya Vardhan Kanoria	556,440	1.27	0.00	556,440	1.27	0.00	0.00
6	Anand Vardhan Kanoria	434,739	0.99	0.00	434,739	0.99	0.00	0.00
7	Sheela Devi Kanoria	12,144	0.03	0.00	12,144	0.03	0.00	0.00
8	Madhuvanti Kanoria	498,321	1.14	0.00	498,321	1.14	0.00	0.00
9	Anjana Somany	27,000	0.06	0.00	0	0.00	0.00	(0.06)
10	Abhishek Somany	30,000	0.07	0.00	0	0.00	0.00	(0.07)
	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 01.04.2017)		Cumulative Shareholding during the year (As on 31.03.2018)	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	At the beginning of the year	32,519,024	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	32,519,024	74.43	32,519,024	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 (01.04.2017 to 31.03.2018)	
		No. of Shares at the beginning (01.04. 2017)/end of the year (31.03.2018)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
1	Chartered Finance &	350,000	0.80	01.04.2017		NIL movement		
	Leasing Limited	350,000	0.80	31.03.2018		during the year	350,000	0.80
2	Bhilwara Holdings	186,000	0.43	01.04.2017				
	Limited **			21.07.2017	-66,030	Transfer	119,970	0.27
				28.07.2017	-106,557	Transfer	13,413	0.03
				28.07.2017	-13,413	Transfer	0	0.00
		0	0.00	31.03.2018			0	0.00
3	Sarvesh Bubna Trust**	169,757	0.39	01.04.2017				
				07.04.2017	-169,757	Transfer	0	0.00
		0	0.00	31.03.2018			0	0.00
4	Monet Securities	154,758	0.35	01.04.2017		NIL movement		
	Private Ltd	154,758	0.35	31.03.2018		during the year	154,758	0.35
5	Prabhala Srinivas	134,400	0.31	01.04.2017		NIL movement		
		134,400	0.31	31.03.2018		during the year	134,400	0.31
6	Panna Kirit Mehta **	103,596	0.24	01.04.2017				
				21.04.2017	-103,596	Transfer	0	0.00
		0	0.00	31.03.2018			0	0.00
7	Seya Scaria **	65,500	0.15	01.04.2017				
				05.05.2017	4,991	Transfer	70,491	0.16
				19.05.2017	10,009	Transfer	80,500	0.18
				26.05.2017	2.038	Transfer	82,538	0.19
				02.06.2017	1,023	Transfer	83,561	0.19
				09.06.2017	539	Transfer	84,100	0.19
				11.08.2017	-32,729	Transfer	51,371	0.12
				18.08.2017	-30,000	Transfer	21,371	0.05
				10.11.2017	54,617	Transfer	75,988	0.17
				17.11.2017	24,012	Transfer	100,000	0.23
				24.11.2017	5,000	Transfer	105,000	0.24
				05.01.2018	-67,704	Transfer	37,296	0.09
				02.02.2018	-27,296	Transfer	10,000	0.02
				09.02.2018	32,715	Transfer	42,715	0.10
				09.02.2018	-42,715	Transfer	0	0.00
		0	0.00	31.03.2018			0	0.00
8	Prestige Traders	58,000	0.13	01.04.2017				
	Private Limited			21.07.2017	-10,000	Transfer	48,000	0.11
				04.08.2017	-10,000	Transfer	38,000	0.09
		38,000	0.09	31.03.2018			38,000	0.09

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at the beginning (01.04. 2017)/end of the year (31.03.2018)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
9	Atam Kumar	50,426	0.12	01.04.2017		NIL movement during the year		
		50,426	0.12	31.03.2018			50,426	0.12
10	Equity Intelligence India Private Limited **	50,000	0.11	01.04.2017				
				09.06.2017	-50,000	Transfer	0	0.00
		0	0.00	31.03.2018			0	0.00
11	Sanjeev Bubna*	0	0.00	01.04.2017				
				07.07.2017	169,757	Transfer	169,757	0.39
		169,757	0.39	31.03.2018			169,757	0.39
12	Panna K Mehta *	0	0.00	01.04.2017				
				28.04.2017	103,596	Transfer	103,596	0.24
				29.12.2017	-13,596	Transfer	90,000	0.21
		90,000	0.21	31.03.2018			90,000	0.21
13	Sanjay Kothari	50,000	0.11	01.04.2017				
				09.06.2017	10,000	Transfer	60,000	0.14
				23.06.2017	15,000	Transfer	75,000	0.17
		75,000	0.17	31.03.2018			75,000	0.17
14	Edelweiss Custodial Services Ltd.	30,289	0.07	01.04.2017				
				14.04.2017	2,758	Transfer	33,047	0.08
				28.04.2017	2,334	Transfer	35,381	0.08
				07.07.2017	-21,100	Transfer	14,281	0.03
				04.08.2017	8,932	Transfer	23,213	0.05
				01.09.2017	2,801	Transfer	26,014	0.06
				03.11.2017	5,129	Transfer	31,143	0.07
				05.01.2018	14,992	Transfer	46,135	0.11
				02.02.2018	27,825	Transfer	73,960	0.17
				16.02.2018	1,629	Transfer	75,589	0.17
				23.02.2018	-13,781	Transfer	61,808	0.14
				02.03.2018	-2,552	Transfer	59,256	0.14
				09.03.2018	-420	Transfer	58,836	0.13
				16.03.2018	-758	Transfer	58,078	0.13
				23.03.2018	-711	Transfer	57,367	0.13
		57,367	0.13	31.03.2018			57,367	0.13
15	Saifuddin Fakhruddin Miyajiwala	25,000	0.06	01.04.2017				
				07.07.2017	2,243	Transfer	27,243	0.06
				04.08.2017	8,003	Transfer	35,246	0.08
				11.08.2017	5,000	Transfer	40,246	0.09
				18.08.2017	457	Transfer	40,703	0.09
				25.08.2017	9,543	Transfer	50,246	0.11
		50,246	0.11	31.03.2018			50,246	0.11
16	Guruduth Cookemane Shankar	8,500	0.02	01.04.2017				
				08.12.2017	9,500	Transfer	18,000	0.04
				19.01.2018	9,000	Transfer	27,000	0.06
				26.01.2018	5,000	Transfer	32,000	0.07
				02.02.2018	6,000	Transfer	38,000	0.09
				09.02.2018	12,000	Transfer	50,000	0.11
		50,000	0.11	31.03.2018			50,000	0.11

** Not in the list of Top 10 shareholders as on 1.4.2017. The same has been shown above since the shareholder was one of the Top 10 shareholders as on 31.3.2018.*

*** Ceased to be in the list of Top 10 shareholders as on 31.3.2018. The same has been shown above since the shareholder was one of the Top 10 shareholders as on 1.4.2017.*

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name	Shareholding		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of Shares at the beginning (01.04. 2017)/end of the year (31.03.2018)	% of total Shares of the Company				No. of Shares	% of total shares of the Company
A) DIRECTORS								
1	R V Kanoria	461,481 461,481	1.06 1.06	01.04.2017 31.03.2018	0	NIL movement during the year	461,481	1.06
2	Amitav Kothari	4 4	0.00 0.00	01.04.2017 31.03.2018	0	NIL movement during the year	4	0.00
3	H K Khaitan	100 100	0.00 0.00	01.04.2017 31.03.2018	0	NIL movement during the year	100	0.00
4	A Vellayan	15,000 15,000	0.03 0.03	01.04.2017 31.03.2018	0	NIL movement during the year	15,000	0.03
5	Ravinder Nath	100 100	0.00 0.00	01.04.2017 31.03.2018	0	NIL movement during the year	100	0.00
6	S L Rao	100 10	0.00 0.00	01.04.2017 20.10.2017 31.03.2018	-90	Transfer	10 10	0.00 0.00
7	G Parthasarathy	1 1	0.00 0.00	01.04.2017 31.03.2018	0	NIL movement during the year	1	0.00
8	S V Kanoria	556,440 556,440	1.27 1.27	01.04.2017 31.03.2018	0	NIL movement during the year	556,440	1.27
9	Madhuvanti Kanoria	498,321 498,321	1.14 1.14	01.04.2017 31.03.2018	0	NIL movement during the year	498,321	1.14
B) KEY MANAGERIAL PERSONNEL (KMP)								
1	N K Nolkha	1,500 1,500	0.00 0.00	01.04.2017 31.03.2018	0	NIL movement during the year	1,500	0.00
2	N K Sethia	0 0	0.00 0.00	01.04.2017 31.03.2018	0	NIL movement during the year	0	0.00

V. INDEBTEDNESS

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

(Rs. in million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2017)				
(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**
Change in indebtedness during the financial year				
a) Addition (Net)	243.89	0	0	243.89
b) Reduction (Net)	0	400.00	0	400.00
Net Change	**243.89**	**400.00**	**0**	**(156.11)**
Indebtedness at the end of the financial year (31.03.2018)				
(i) Principal Amount	1,011.67	0	0	1,011.67
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	2.79	0	0	2.79
Total (i + ii + iii)	**1,014.46**	**0**	**0**	**1,014.46**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in million)

Sl. No.	Particulars of Remuneration	R V Kanoria	S V Kanoria	Total Amount
		Managing Director	Wholetime Director	
1	Gross Salary			
	a) Salary as per provision contained in Section 17 (1) of the Income Tax Act, 1961	16.38	6.50	22.88
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.55	0.64	1.19
	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)	1.23	0.45	1.68
	Total (A)	**18.16**	**7.59**	**25.75**
	Ceiling as per the Act	**Rs. 4.65 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

(Rs. 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	0.35	0.19	0.26	0.18	0.10	1.37
Commission	0	0	0	0	0	0	0
Other, Please specify	0	0	0	0	0	0	0
Total (B) (1)	**0.29**	**0.35**	**0.19**	**0.26**	**0.18**	**0.10**	**1.37**

2. Other Non Executive Directors

(Rs. in million)

Particulars of Remuneration	Name of Director	Total Amount
	Madhuvanti Kanoria	
Fees for attending board/committee meeting	0.21	0.21
Commission	0	0
Other, Please specify	0	0
Total (B) (2)	**0.21**	**0.21**
Total (B)=(B1)+(B2)		**1.58**
Total Managerial Remuneration (A+B)		**27.33**
Overall Ceiling as per the Act	**Rs. 5.12 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

(Rs. 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	5.42	2.35	7.77
	b) Value of Perquisites u/s. 17 (2) of the Income Tax Act, 1961	0.24	0.12	0.36
	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)	0.33	0.14	0.47
	Total (C)	**5.99**	**2.61**	**8.60**

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: 18th May 2018

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, 2018

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

To,

The Members,

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 the 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 and returns filed and other records maintained by the Company (as per Annexure-A1, hereinafter referred to as "Books and Papers") and also the information provided by the Company, its officers, agents and authorized representatives 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, 2017 to March 31, 2018 (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;
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 Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
   e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as "Listing Regulations, 2015");
6. Secretarial Standards 1 and 2 as issued by the Institute of Company Secretaries of India;

   We report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable to the industry to which the Company belongs:

   a. Petroleum Act, 1934;
   b. Poison Act, 1919; and
   c. Indian Explosive Act, 1884

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 adequate notice was 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. decisions of the Board were taken with the requisite majority and recorded as part of the minutes.

We further report that based on the information provided by the Company during the Audit Period and also on the review of quarterly compliance reports 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 applicable general laws.

We further report that during the Audit Period, the Company has not incurred any specific event/ action 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: 18th May, 2018

For Vinod Kothari & Company
Practising Company Secretaries

Arun Kumar Maitra
(Partner)
Membership No.A3010
C P No.: 14490

ANNEXURE- A1

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 2016-17;

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 Documents under SEBI (Prohibition of Insider Trading) Regulations, 2015

1.12 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 2017-18:

- Installed VFDs to reduce power consumption.
- Replaced the power capacitor to improve the power factor.
- Installed LED lights.
- Replaced the pumps of Boiler Feed Water, Methanol Transfer, Raw Water and DM Water with energy efficient pumps.
- Installed the condensate recovery system to improve steam generation.
- Process has been modified to reduce steam consumption.

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

(iii) The capital investment on energy conservation equipments: Rs.0.43 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	Yes
(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: Rs. 5.31 million.

(C) Foreign Exchange Earnings and Outgo

(Rs. in million)

Foreign Exchange earned in terms of actual inflows during the year	229.90
Foreign Exchange outgo in terms of actual outflows during the year	654.03

For and on behalf of the Board,

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 18th May 2018

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 2017-18	Percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2017-18
1	Shri R.V. Kanoria	Chairman & Managing Director	51.63	22.94
2	Shri S. V. Kanoria	Wholetime Director	21.59	46.53
3	Shri Amitav Kothari	Non-Executive Independent Director	0.81	-
4	Shri H.K. Khaitan	Non-Executive Independent Director	1.01	12.70
5	Shri Ravinder Nath	Non-Executive Independent Director	0.54	11.76
6	Shri G. Parthasarathy	Non-Executive Independent Director	0.74	52.94
7	Prof. S.L. Rao	Non-Executive Independent Director	0.51	12.50
8	Shri A. Vellayan	Non-Executive Independent Director	0.29	100.00
9	Smt. Madhuvanti Kanoria	Non-Executive Director	0.60	2.44
10	Shri N.K. Nolkha	Group Chief Financial Officer	NA	14.48
11	Shri N.K. Sethia	Company Secretary	NA	11.48

Notes: *No Director other than the Chairman & Managing Director and Whole time Director received any remuneration other than sitting fees during the financial years 2016-17 and 2017-18.*

2. The number of permanent employees as on 31st March, 2018 was 310.
3. Compared to the year 2016-17, the figures for the year 2017-18 reflects that:-
   (i) Median remuneration of the employees has increased by 9.02%.
   (ii) Average remuneration of the employees increased by 10.50%.
   (iii) Average remuneration of the employees excluding Key Managerial Personnel increased by 8.87% and average remuneration of Key Managerial Personnel increased by 24.76%.

   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 (63 years)	Chairman & Managing Director	18,077,949	B.Sc., MBA (Hons) (44 Years)	10.01.1983	-

(ii) Other Employees

Sl. No.	Name and Age	Designation	Remuneration (Rs.)	Qualification and Experience	Date of Joining	Last Employment
2	S. V. Kanoria (36 Years)	Wholetime Director	7,561,120	MS in Computer Science (14 Years)	21.08.2006	Morgan Stanley, USA
3	N. K. Nolkha (51 Years)	Group Chief Financial Officer	6,047,836	B. Com (Hons), ACA (30 Years)	02.04.1991	G. R. Magnets Limited
4	Arun Kumar Agarwal (59 Years)	Chief Executive – Chemicals Business	5,864,640	B. Com (Hons), FCA, ACS (36 Years)	01.10.1990	Jayshree Tea & Industries Limited
5	Rajesh Sharma (56 Years)	President – Works	4,767,840	B. E. (Chemicals) (30 years)	21.02.2017	TWIGA Manufacturers Limited, Tanzania
6	Anil D Mishra (47 Years)	Sr. General Manager (EHS)	3,038,352	M. Tech. (Environment) (21 Years)	20.12,2004	Khemani Distilleries Pvt. Limited
7	Vaidehi Kanoria (34 Years)	General Manager – Human Resource	2,920,964	B.Sc. (Economics) (10 Years)	21.09.2010	Gallery Espace Art
8	B. Panangadan (56 Years)	Asst. Vice President - Business Development	2,663,404	PG Diploma in Financial Mgmt, B. Tech - Electrical Engg. (33 Years)	01.09.2011	K S Oils Limited, DGM
9	Sanjay Kumar Ojha (46 Years)	Vice President (Works)	2,647,567	B.E. (Mechanical) (21 Years)	11.06.2007	United Phosphorus Limited
10	Narendra Kumar Sethia (57 Years)	Company Secretary	2,617,008	B.Com (Hons), FCS, LL.B., MBA (32 Years)	06.08.2005	Navjyoti Investment & Dealers Limited

The figures are on mercantile basis.

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, a Director of the Company. Shri S.V. Kanoria, Wholetime Director is son of Shri. R.V. Kanoria and Smt. Madhuvanti Kanoria.

For and on behalf of the Board,

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 18th May 2018

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 2018 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 44 years of industrial, managerial, administrative and commercial experience. Shri S.V. Kanoria, an MS in Computer Science having 14 years work experience, is the Wholetime Director of the Company.

During the year under review, the Board met four times; on 30th May 2017, 8th August 2017, 14th November 2017 and 12th February 2018.

The constitution of the Board during the year ended 31st March 2018 and attendance at the Board Meetings, last Annual General Meeting and the Directorship, Chairmanship and/or Membership of Committees held as on 31st March 2018 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)	3	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	2
Shri Ravinder Nath (DIN:00062186)	3	Yes	Non - Executive Independent Director	3	1	2
Shri G. Parthasarathy (DIN:00068510)	4	Yes	Non - Executive Independent Director	-	-	-
Prof. S.L. Rao (DIN:00005675)	2	No	Non - Executive Independent Director	1	-	1
Shri A. Vellayan (DIN:00148891)	2	No	Non - Executive Independent Director	1	-	2

[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 12th February 2018, 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 2017-18, the Committee met four times; on 30th May 2017, 8th August 2017, 14th November 2017 and 12th February 2018.

Attendance of Members at Audit Committee Meetings held during the year 2017-18:

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 4th September, 2017.

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 two share transfers involving 12 Equity Shares pending for registration as at the end of the financial year 2017-18, which have since been registered. Besides these, there are no shares pending for transfer except the sub-judice matters, which would be solved on final disposal by Hon'ble Courts.

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

During the year, no complaint was received and at the end of the year, no complaint was pending for resolution.

During the financial year 2017-18, the Committee met on 30th May, 2017, wherein Shri H. K. Khaitan and Shri Amitav Kothari 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 2017-18, the Committee met on 30th May, 2017, 14th November, 2017 and 12th February 2018.

Attendance of Members at Nomination and Remuneration Committee Meetings held during the year 2017-18:

Name of Director	No. of Meetings attended
Prof. S. L. Rao	2
Shri R. V. Kanoria	3
Shri H.K. Khaitan	3
Shri Ravinder Nath	2
Shri G. Parthasarathy	3

The Chairman of the Nomination and Remuneration Committee authorised Shri H. K. Khaitan to represent him at the last Annual General Meeting held on 4th September, 2017.

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, on the recommendation of the Nomination and Remuneration Committee, and then 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 remuneration of the Senior Management Personnel of the Company is guided by the competitiveness and is based on the individual person's key responsibilities and performance. They may receive variable pay in addition to fixed salaries. The performance-based pay to the SMP, including revisions, if any, would be based on the individual's performance related to the fulfilment of various improvement targets or the attainment of certain objectives.

The other employees' remuneration is determined within the appropriate grade and is based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

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 2018

Name of Director	Salary	Perquisites and other benefits	Commission	Sitting Fees**	Total
Shri R.V. Kanoria	10,238,710	7,839,239	-	-	18,077,949*
Shri Amitav Kothari	-	-	-	285,000	285,000
Shri H.K. Khaitan	-	-	-	355,000	355,000
Shri Ravinder Nath	-	-	-	190,000	190,000
Shri G. Parthasarathy	-	-	-	260,000	260,000
Prof. S.L. Rao	-	-	-	180,000	180,000
Shri A. Vellayan	-	-	-	100,000	100,000
Smt Madhuvanti Kanoria	-	-	-	210,000	210,000
Shri S. V. Kanoria	3,750,000	3,811,120	-	-	7,561,120

* Includes remuneration of Rs. 4,529,963 from 10.01.2018 to 31.03.2018, subject to shareholders' approval.
** Includes Sitting Fee paid for Committee Meetings.

Details of Agreement

Name	From	to	Tenure
Shri R.V. Kanoria - Managing Director#	10.01.2018	09.01.2021	3 years
Shri S. V. Kanoria - Wholetime Director*	01.04.2016	31.03.2019	3 years

Subject to shareholders approval.
* 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 2018 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 (10), 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 2017-18, the Committee met two times: on 30th May 2017 and 14th November 2017, 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 2017-18, the Committee met on 17th April, 2017 in which Shri R.V. Kanoria and Shri S.V. Kanoria were present.

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 8th August 2017 and 12th February 2018.

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
2016-17	4st September 2017	02.30 P.M	'Shripati Singhania Hall', Rotary Sadan, 94/2 Chowringhee Road, Kolkata-700 020	NIL
2015-16	1st September 2016	10.30 A.M		1
2014-15	1th September 2015	10.30 A.M		1

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. 41 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" / "Aajkaal" (vernacular language - Bengali newspapers) 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 2017-18, 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 concerns 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.

TRANSFER OF SHARES TO IEPF AUTHORITY

As required under Section 124(6) of the Companies Act, 2013, during the year the Company has transferred 112,846 Equity Shares of Rs. 5/- each of the Company, on which dividend has remained unclaimed/unpaid for a continuous period of 7 years or more, to the Demat Account of the Investors Education and Protection Fund (IEPF) Authority.

UNCLAIMED SHARES

Pursuant to Regulation 39 of the Listing Regulations, 2015, for the 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:

Particulars	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	2	2,250
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year	2	2,250
Number of shares transferred to the Demat Account of the Investors Education and Protection Fund (IEPF) Authority, as required under Section 124(6) of the Companies Act, 2013	152	63,348
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.	39	51,030

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:

For 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

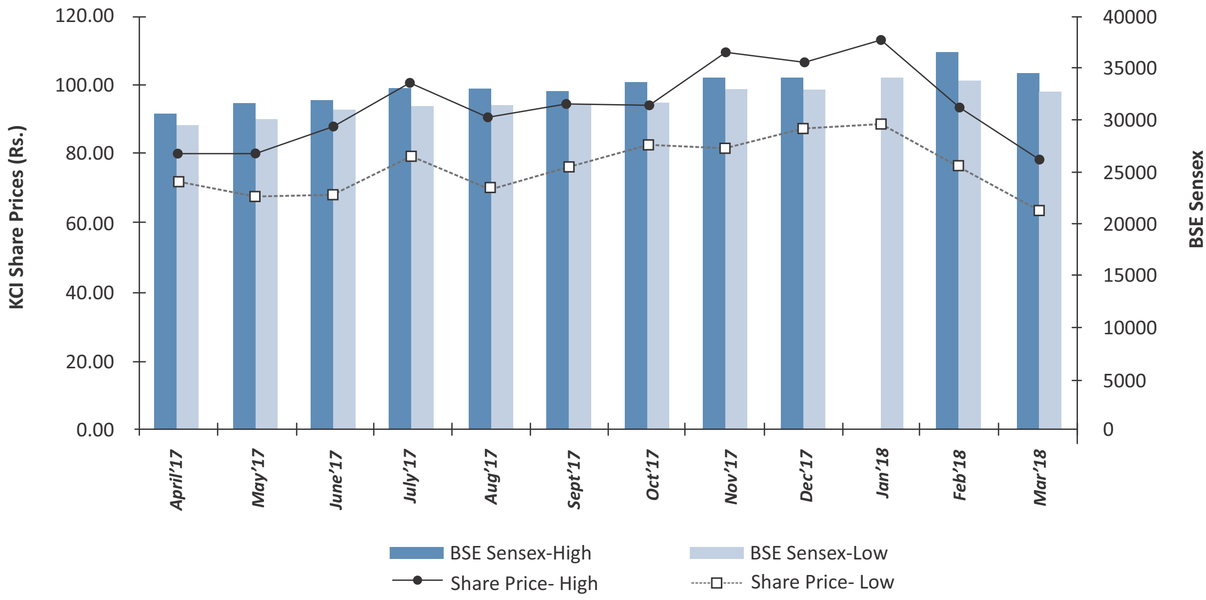
The Statutory Auditors' Certificate that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, 2015 is annexed hereto.

GENERAL SHAREHOLDERS' INFORMATION

1.	Annual General Meeting • Date and time • Venue	13th September 2018 at 3.00 P. M. 'Shripati Singhania Hall', Rotary Sadan 94/2 Chowringhee Road, Kolkata-700 020
2.	Financial Year Financial Calendar 2018-19 (tentative and subject to change) • Financial Results for the: quarter ending 30th June 2018 quarter ending 30th September 2018 quarter ending 31st December 2018 year ending 31st March 2019 • Annual General Meeting 2018-19	1st April to 31st March)) Within 45 days of end of respective quarter) By 30th May 2019 By September 2019
3.	Date of Book Closure	7th September 2018 to 13th September 2018 (both days inclusive)
4.	Dividend Payment Date	On or after 19th September 2018 (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 2018-19 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 2017	79.50	70.05	79.50	71.00
May 2017	79.70	67.50	79.80	67.00
June 2017	87.75	67.90	87.80	68.00
July 2017	99.75	78.75	99.80	79.15
August 2017	90.40	68.95	90.00	69.00
September 2017	94.00	75.15	93.80	75.70
October 2017	94.00	81.80	93.60	82.10
November 2017	108.60	81.95	108.70	81.10
December 2017	105.60	87.30	106.00	86.50
January 2018	112.50	87.55	112.50	88.05
February 2018	93.00	75.20	92.80	75.90
March 2018	80.40	63.10	78.00	63.50

** Source: Website of NSE and BSE*



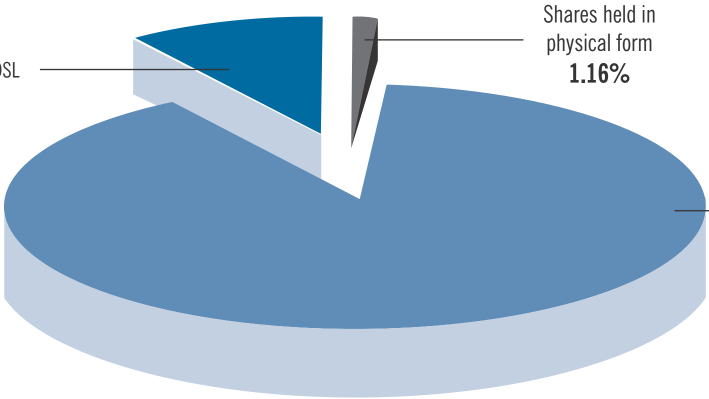
8.	Registrar and Share Transfer Agent	C. B. Management Services (P) Limited P-22, Bondel Road, Kolkata –700 019 Phone : (033) 22806692, 40116700 Fax : (033) 40116739 Email : rta@cbmsl.com
9.	(a) Share Transfer System	The share transfers which are received in physical form are processed within the prescribed 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 2017-18:

	No. of valid share transfer applications received, processed and registered	19
	No. of shares transferred	1,498
	No. of share transfers in process as on 31.03.2018	12
	No. of shares dematerialised	21,429
	No. of shares rematerialized	2,250

	(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 43,188,601 Equity Shares of the Company representing 98.84% of the Share Capital are dematerialised as on 31st March 2018. 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 Company has connectivity with the Depositories, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Annual Custody Fee for the financial year 2018-19 has been paid by the Company to Central Depository Services (India) Limited (CDSL) and the same will be paid to National Securities Depository Limited (NSDL) on receipt of the Invoice.

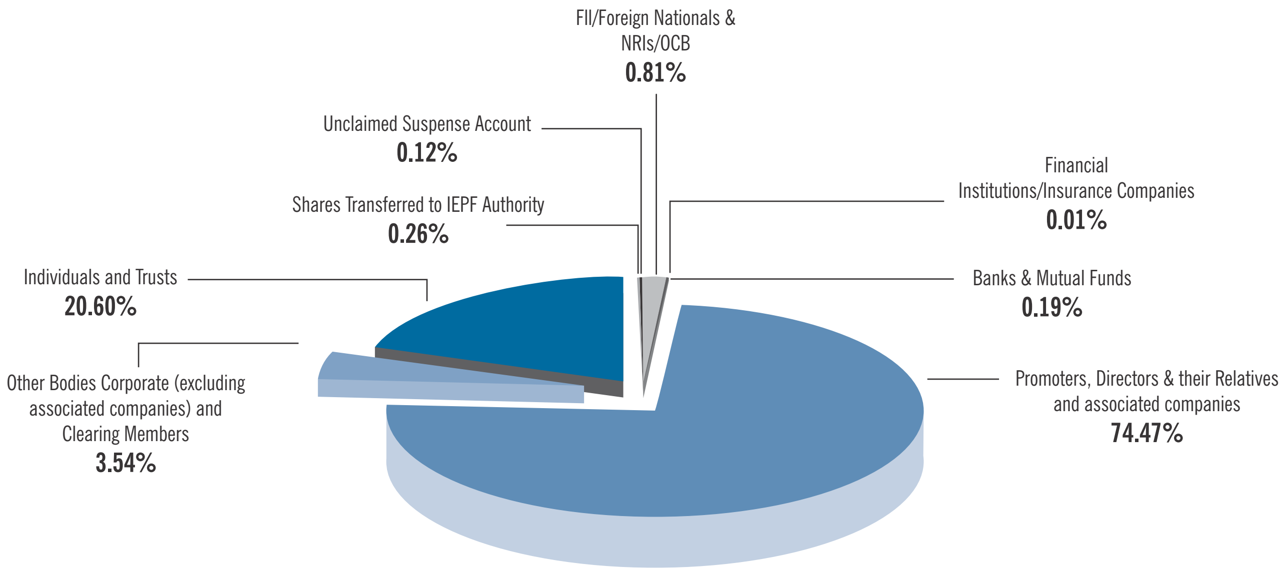


	(c) National Electronic Clearing Service (NECS) for Dividend	Your Company provides shareholders the option to receive dividend through the NECS facility. To avoid risk of loss and/or interception of dividend instruments in postal transit and/or fraudulent encashment, shareholders are requested to avail the NECS facility, where dividends are directly credited in electronic form to their respective bank accounts. SEBI has mandated submission of the bank account details by the shareholders holding shares in physical form. 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 2018				
	Nominal value of Shareholding	**Number of Shareholders**	**% of Shareholders**	**Number of Equity Shares**	**% of Share Capital**
	Up to Rs.5,000	15,490	89.61	3,452,164	7.90
	Rs. 5,001 - Rs.10,000	877	5.07	1,336,805	3.06
	Rs.10,001 - Rs.20,000	524	3.03	1,494,125	3.42
	Rs. 20,001 - Rs. 30,000	164	0.95	807,827	1.85
	Rs.30,001 – Rs.40,000	63	0.36	446,512	1.02
	Rs. 40,001 – Rs. 50,000	53	0.31	494,078	1.13
	Rs. 50,001 – Rs. 1,00,000	68	0.39	996,161	2.28
	Rs.1,00,001 and above	48	0.28	34,665,661	79.34
	Total	**17,287**	**100.00**	**43,693,333**	**100.00**

11.	Equity Shareholding Pattern as on 31st March 2018		
	Category	**No. of Shares held**	**% of Shareholding**
	FII/Foreign Nationals & NRIs/OCB	355,919	0.81
	Financial Institutions / Insurance Companies	2,300	0.01
	Banks & Mutual Funds	85,155	0.19
	Promoters, Directors & their Relatives and associated companies	32,534,239	74.47
	Other Bodies Corporate (excluding associated companies) and Clearing Members	1,546,982	3.54
	Individuals and Trusts	9,004,862	20.60
	Shares transferred to IEPF Authority	112,846	0.26
	Unclaimed Suspense Account	51,030	0.12
	Total	**43,693,333**	**100.00**

Graphic Presentation of the Equity Shareholding Pattern as on 31.03.2018



12.	Top Ten Shareholders of the Company as on 31st March 2018		
Sl. No	**Name of Shareholders**	**No. of shares**	**% of shareholding**
1.	Vardhan Limited	26,190,872	59.94
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.	Sanjeev Bubna	169,757	0.39
10.	Monet Securities Private Limited	154,758	0.36
	Total	**33,181,395**	**75.94**

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, 2018 are disclosed in Note No. 39 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. 383,565/- for the year 2009-10 to the Investor Education and Protection Fund on 13th September 2017, pursuant to Section 125 of the Companies Act, 2013 read with allied rules.

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 18th May 2018

For and on behalf of the Board,

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 2018.

For and on behalf of the Board,

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

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 18th May 2018

Independent Auditor's Certificate on Corporate Governance

To the Members of

Kanoria Chemicals & Industries Limited

1. We, M/s Jitendra K Agarwal & Associates, Chartered Accountants, the Statutory Auditors of Kanoria Chemicals & Industries Limited ("the Company"), have examined the compliance of conditions of Corporate Governance for the year ended on March 31, 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

Managements' Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

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 March 31, 2018.
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 Jitendra K Agarwal & Associates
Chartered Accountants
(Firm Registration No. 318086E)

(Abhishek Mohta)
Partner
Membership No. 066653

Place: New Delhi
Dated: 18th day of May, 2018

INDEPENDENT AUDITOR'S REPORT

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

To the Members of

KANORIA CHEMICALS & INDUSTRIES LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of M/s KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit & 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 IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the 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 (Ind AS) specified in the Companies (Indian Accounting Standards) 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 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 31 March 2018 and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Independent Auditor's Report

OTHER MATTER

The Comparative financial information of the Company for the year ended March 31, 2017 are based on the previously issued statutory financial statement prepared in accordance with Ind AS included in these financial statements have been audited by the predecessor auditor whose report for the year then ended expressed an unmodified opinion on those financial statements. Our Opinion is not modified in the 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 purpose of our audit;

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

   c. The Balance Sheet, the Statement of Profit & 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 March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 with reference to financial statement of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the financial statements.

   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, 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 on March 31, 2018 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 did not have any material foreseeable losses on long-term contracts including derivative contracts;

      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. 0.67 million which is held in abeyance due to pending legal cases.

For Jitendra K Agarwal & Associates
Chartered Accountants
(Firm Registration No. 318086E)

(Abhishek Mohta)
Partner
Membership No. 066653

Place: New Delhi
Dated: 18th May, 2018

Annexure A
to the Independent Auditor's Report

The annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date in respect to statutory audit of KANORIA CHEMICALS & INDUSTRIES LIMITED for the year ended March 31, 2018, we report that:

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of the fixed assets.

   (b) The management has physically verified the fixed assets of the Company in a phased manner to cover the entire block of assets once in a year and no material discrepancies were noticed.

   (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.

2. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stock and the book stock, wherever ascertained were not significant.

3. The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the requirements of clauses (iii) (a), (b) & (c) of the paragraph 3 of the Order are not applicable.

4. 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 the loans & investments made and the guarantees provided.

5. In our opinion and according to the information and explanations given to us, the Company did not receive any deposits covered under section 73 to 76 of the Act and the rules framed there under.

6. The Central Government has prescribed maintenance of cost records under section 148(1) of the Act, for the Company. We have broadly reviewed such accounts and records and are of the opinion that prima facie, the prescribed accounts & records have been made & maintained but no detailed examination of such records and accounts have been carried out by us.

7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed dues as above were outstanding as at March 31, 2018 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax and cess as at March 31, 2018 which have not been deposited on account of dispute except for the following:

Name of the statute	Nature of Dues	Amount (Rs. in millions)	Period to which it relates	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	0.75	Apr-12 to Dec-15	CESTAT - Ahmedabad
The Indian Stamp Act, 1899	Stamp Duty	4.56	2011-12	Rajasthan High Court

Annexure A
to the Independent Auditor's Report

8. 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.

9. According to the information and explanation given to us and based on our overall examination of the books of accounts, we report that the company has not availed any term loan facility during the year. Furthermore, the company has neither raised moneys through initial public offer nor through further public offer during the year.

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

11. 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.

12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. 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 financial statements as required by the applicable accounting standards.

14. According to the information and explanations give 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.

15. 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.

16. 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 Jitendra K Agarwal & Associates
Chartered Accountants
(Firm Registration No. 318086E)

(Abhishek Mohta)
Partner
Membership No. 066653

Place: New Delhi
Dated: 18th May, 2018

Annexure B to the Independent Auditor's Report

The Annexure referred to in paragraph 2 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date, in respect to the internal financial control under clause (i) of sub-section 3 of section 143 of the Act, of KANORIA CHEMICALS & INDUSTRIES LIMITED for the year ended March 31, 2018, we report that:

We have audited the internal financial controls over financial reporting of KANORIA CHEMICALS & INDUSTRIES LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the 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 Act.

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's 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 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 March 31, 2018, 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 ICAI.

For Jitendra K Agarwal & Associates
Chartered Accountants
(Firm Registration No. 318086E)

(Abhishek Mohta)
Partner
Membership No. 066653

Place: New Delhi
Dated: 18th May, 2018

Balance Sheet

As at 31st March 2018

(Rs. in million)

Particulars	Notes	As at 31st March 2018	As at 31st March 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5A	4,025.47	3,615.43
(b) Capital Work-in-Progress		67.91	265.15
(c) Other Intangible Assets	5B	9.98	4.35
(d) Financial Assets			
(i) Investments	6A	1,453.85	1,807.71
(ii) Loans	7	803.05	692.76
(iii) Others	8	13.25	16.55
(e) Other Non-Current Assets	9	3.29	38.32
Total Non-Current Assets		**6,376.80**	**6,440.27**
Current Assets			
(a) Inventories	10	419.11	322.56
(b) Financial Assets			
(i) Investments	6B	-	30.82
(ii) Trade Receivables	11	529.31	551.91
(iii) Cash and Cash Equivalents	12A	21.32	5.88
(iv) Bank Balances other than (iii) above	12B	352.53	375.49
(v) Loans	7	95.04	44.06
(vi) Others	8	41.85	74.27
(c) Current Tax Assets (Net)	13	195.11	195.30
(d) Other Current Assets	9	233.39	234.03
Total Current Assets		**1,887.66**	**1,834.32**
Total Assets		**8,264.46**	**8,274.59**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	14	218.49	218.49
Other Equity	15	5,878.43	5,925.15
Total Equity		6,096.92	6,143.64
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	196.88	289.36
(ii) Other financial liabilities	17	10.04	14.85
(b) Long Term Provisions	18	63.98	57.66
(c) Deferred Tax Liabilities (Net)	19A	505.00	503.15
Total Non-Current Liabilities		775.90	865.02
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	683.48	722.51
(ii) Trade Payables	20	473.09	253.68
(iii) Other financial liabilities	17	199.01	255.18
(b) Other Current Liabilities	21	7.99	8.45
(c) Provisions	18	28.07	26.11
Total Current Liabilities		**1,391.64**	**1,265.93**
Total Liabilities		**2,167.54**	**2,130.95**
Total Equity and Liabilities		**8,264.46**	**8,274.59**
Significant accounting policies	3		

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed

For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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 2018

(Rs. in million)

Particulars	Notes	For the year ended 31st March 2018	For the year ended 31st March 2017
INCOME			
Revenue from Operations	22	3,468.14	3,273.71
Other Income	23	233.08	226.70
Total Income		**3,701.22**	**3,500.41**
EXPENSES			
Cost of Materials Consumed		2,393.13	1,904.11
Purchase of Stock-in-Trade		12.06	29.42
Change in Inventories of Finished Goods and Work-in-Progress		16.41	(56.46)
Excise Duty on Sale of Goods		80.66	317.07
Employee Benefit Expenses	24	230.63	205.85
Finance Costs	25	70.58	32.67
Depreciation and Amortisation Expenses	5A, 5B	211.88	204.32
Other Expenses	26	603.46	588.27
Total Expenses		**3,618.81**	**3,225.25**
Profit before Exceptional Items and Tax		**82.41**	**275.16**
Exceptional Item	27	-	184.17
Profit before Tax		**82.41**	**90.99**
Tax Expenses:			
Current Tax		21.17	14.99
MAT Credit Entitlement		(21.17)	(14.99)
MAT Credit Entitlement for earlier years		-	(99.87)
Deferred Tax		26.41	3.66
Profit for the Year		**56.00**	**187.20**
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	28A	(0.53)	(5.20)
(ii) Income-tax relating to items that will not be reclassified to Profit or Loss		0.55	2.25
B (i) Items that will be reclassified to Profit or Loss	28B	(26.97)	5.02
(ii) Income-tax relating to items that will be reclassified to Profit or Loss		3.11	(0.58)
Other Comprehensive Income for the year, net of tax		**(23.84)**	**1.49**
Total Comprehensive Income for the Year		**32.16**	**188.69**
Earning per Share (INR) - Basic & Diluted	29	1.28	4.28
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed

For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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 Changes in Equity

For the year ended 31st March 2018

(Rs. in million)

(A) Equity Share Capital

	Year ended 31st March 2018			Year ended 31st March 2017		
	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**

(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 31st March 2016	**34.17**	**161.50**	**72.69**	**5,524.41**	**3.15**	**19.42**	**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	4.46	23.86	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**	**5628.47**	**4.46**	**23.86**	**5,925.15**
Profit for the year				56.00			56.00
Other Comprehensive Income				(0.86)	0.88	(23.86)	(23.84)
Total Comprehensive Income	**34.17**	**161.50**	**72.69**	**5,683.61**	**5.34**	-	**5,957.31**
Dividend				(65.54)			(65.54)
Dividend Distribution Tax				(13.34)			(13.34)
As at 31st March 2018	**34.17**	**161.50**	**72.69**	**5,604.73**	**5.34**	**-**	**5,878.43**

The accompanying notes are an integral part of the Financial Statements

As per our report of even date annexed

For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No. 318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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 Cash Flow

For the year ended 31st March 2018

(Rs. in million)

	For the year ended 31st March 2018	For the year ended 31st March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	82.41	90.99
Adjustments for:		
Exceptional item	-	184.17
Unrealized Debts and Claims written off	0.41	1.55
Provision for bad & doubtful Debts & Advances (net)	0.74	-
Fair Value Loss on Foreign exchange forward contracts	1.24	10.20
Finance Costs	70.58	32.67
Depreciation & Amortisation	211.88	204.32
(Profit)/Loss on Sale of Fixed Assets (Net)	(2.78)	0.84
(Profit)/Loss on Sale of Investments as FVTPL/FVTCOI (Net)	(42.72)	(21.50)
Interest Income	(91.27)	(92.16)
Fair value gain on Financial Instruments as FVTPL (Net)	(14.83)	(58.26)
Dividend Income	(4.92)	(9.77)
Guarantee fee Income	(16.72)	(16.72)
Liabilities Written back	(6.34)	(2.98)
Operating Profit before Working Capital changes	**187.68**	**323.35**
Adjustments for:		
(Increase)/ Decrease in Trade and other Receivables (Net)	23.28	(237.19)
Inventories	(96.54)	(52.31)
Increase/ (Decrease) in Trade and other Payables (Net)	192.44	70.41
Cash generated from Operations	306.86	104.26
Income Tax (Paid)/Refund (net)	(20.70)	(46.64)
Net Cash from Operating activities	**286.16**	**57.62**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(382.20)	(322.91)
Sale of Fixed Assets	6.06	15.40
Loans & Advances to Subsidiaries (Net)	(160.89)	(174.47)
Purchase of Investments	(1,509.00)	(1,566.05)
Sale of Investments	1,925.03	2,047.29
Fixed Deposits (Net)	23.27	0.21
Interest received	125.60	44.01
Guarantee fee received	19.13	17.56
Dividend received	0.10	9.77
Net Cash used in /from Investing Activities	**47.10**	**70.81**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/Payments of Borrowings (Net)	(156.12)	(46.73)
Dividend Paid (including Dividend Distribution Tax)	(78.88)	(78.88)
Finance Costs paid	(82.82)	(44.58)
Net Cash used in Financing activities	**(317.82)**	**(170.19)**
Net Increase/(Decrease) in Cash and Cash equivalents	15.44	(41.76)
Cash and Cash equivalents at the beginning of the year	5.88	47.64
Cash and Cash equivalents at the end of the year (Note 12A)	**21.32**	**5.88**

Note:

a. 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.

b. The composition of Cash and Cash Equivalents have been determined based on the Accounting Policy No. 3(M).

As per our report of even date annexed

For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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.

These financial statements have been approved for issue by the Board of Directors on 18th May 2018.

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.

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.

Notes to the Financial Statements

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 including contingent liabilities. Actual results may differ from these estimates. Difference between actual results and estimates are recognised in the period prospectively in which the results are known/materialised.

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.

Detailed information about estimates and judgements is included in Note 4.

3. Significant Accounting Policies

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

B. Property, Plant & Equipment

i. Recognition & Measurement

All items of property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment loss, 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.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition, are also added to the cost of self-constructed assets. The Company considers a Project to be 'unit of measure' for construction of a manufacturing plant rather than individual assets comprising the project in appropriate cases for the purpose of capitalisation of expenditure incurred during construction period.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

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.

Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any Unamortized part of the previously recognized expenses of similar nature is derecognized.

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

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. 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 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 accumulated impairment losses, if any.

Notes to the Financial Statements

The Company amortises intangible assets with a finite useful life using the straight line method over three years.

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

D. Leases

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

Finance Leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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)

Notes to the Financial Statements

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.

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 37 for further details). Such financial assets are subsequently measured at amortized cost using the effective interest method.D112

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 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 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 37 for further details). The Company has made such election on an instrument by instrument basis. These equity instruments are not held for trading. 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 37 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 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).

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.

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.

Notes to the Financial Statements

III. Derivative Financial Instruments

Derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage Company's exposure to foreign exchange rate and interest rate risks are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. The Company does not hold derivative financial instruments for speculative purposes.

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.

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 i.e tax base. Deferred tax asset is also recognised in respect of carried forward tax losses and unused tax credits.

Notes to the Financial Statements

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.

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

Notes to the Financial Statements

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.

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.

Notes to the Financial Statements

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 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The amendment is applicable to the Company for the reporting period beginning April 1, 2018.

Ind AS 115 replaces existing revenue recognition standards Ind AS 11, Construction Contracts and Ind AS 18, Revenue and revised guidance note of the ICAI on Accounting for Real Estate Transaction for Ind AS entities issued in 2016. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

4. 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 recyclable 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.

Notes to the Financial Statements

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.

(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 Financial Assets

The Company reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(e) 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.

(f) 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.

Notes to the Financial Statements

5A. Property Plant and Equipment

(Rs. in million)

	Gross Carrying Value				Depreciation				Net Carrying Value
	As at 01.04.17	Additions	Sale/ Disposal	As at 31.03.18	As at 01.04.17	For the Year	Sale/ Disposal	As at 31.03.18	As at 31.03.18
Land & Site Development :									
Freehold	701.00	—	—	701.00	—	—	—	—	701.00
Leasehold	797.80	—	—	797.80	22.40	11.21	—	33.61	764.19
Buildings	701.19	70.96	—	772.15	62.85	31.75	—	94.60	677.55
Plant & Equipment	1,720.39	540.87	2.41	2,258.85	281.98	151.73	0.16	433.55	1,825.30
Furniture & Fixtures	54.65	1.91	0.57	55.99	17.92	8.03	0.33	25.62	30.37
Vehicles & Fork Lifts	20.12	5.18	1.20	24.10	3.38	2.74	0.45	5.67	18.43
Office Equipment	14.05	2.60	0.17	16.48	5.24	2.74	0.13	7.85	8.63
Total	**4,009.20**	**621.52**	**4.35**	**4,626.37**	**393.77**	**208.20**	**1.07**	**600.90**	**4,025.47**

	Gross Carrying Value				Depreciation				Net Carrying Value
	As at 01.04.16	Additions	Sale/ Disposal	As at 31.03.17	As at 01.04.16	For the Year	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	676.70	26.10	1.61	701.19	31.19	31.88	0.22	62.85	638.34
Plant & Equipment	1,606.32	140.74	26.67	1,720.39	151.73	144.38	14.13	281.98	1,438.41
Furniture & Fixtures	51.17	4.10	0.62	54.65	7.83	10.14	0.05	17.92	36.73
Vehicles & Fork Lifts	10.92	11.82	2.62	20.12	2.12	2.22	0.96	3.38	16.74
Office Equipment	8.35	5.82	0.12	14.05	2.71	2.57	0.04	5.24	8.81
Total	**3,852.26**	**188.58**	**31.64**	**4,009.20**	**206.76**	**202.41**	**15.40**	**393.77**	**3,615.43**

5B : Intangible Assets

	Gross Carrying Value				Amortisation				Net Carrying Value
	As at 01.04.17	Additions	Sale/ Disposal	As at 31.03.18	As at 01.04.17	For the Year	Sale/ Disposal	As at 31.03.18	As at 31.03.18
Computer Software	6.77	9.31	—	16.08	2.42	3.68	—	6.10	9.98

	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	For the Year	Sale/ Disposal	As at 31.03.17	As at 31.03.17
Computer Software	4.89	1.88	—	6.77	0.51	1.91	—	2.42	4.35

Notes to the Financial Statements

6 : Investments

(Rs. in million)

	31st March 2018			31st March 2017		
	Face Value Rs.	Nos.	Amount	Face Value Rs.	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	10	4,650,550	48.01
APAG Holding AG, Switzerland	CHF 1000	300	423.14	CHF 1000	300	423.14
Kanoria Africa Textiles Plc, Ethiopia	ETB 10	22,386,068	529.24	ETB 10	22,386,068	529.24
Total Investments at Cost			**1,000.39**			**1,000.39**
Investments at Fair Value through OCI						
Equity Shares, Fully Paid (Quoted)						
IFCI Ltd.	10	200	0.00	10	200	0.01
HDFC Bank Ltd.	2	2,500	4.72	2	2,500	3.61
Bank of India	10	9,000	0.93	10	9,000	1.25
Equity Shares, Fully Paid (Unquoted)						
Enviro Technology Ltd.	10	10,000	0.10	10	10,000	0.10
Bharuch Enviro Infrastructure Ltd.	10	1,400	0.01	10	1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.	50	5	0.00	50	5	0.00
Narmada Clean Tech Limited	10	822,542	8.23	10	822,542	8.23
Woodlands Multispeciality Hospital Limited	10	2,180	0.02	10	2,180	0.02
Bonds, Fully Paid (Quoted)						
8.5% National Highway Authority of India	—	—	—	1,000	100,000	117.95
8.68% National Housing Bank	—	—	—	5,000	10,000	59.78
Total Investments at Fair Value through OCI			**14.01**			**190.96**
Investments at Fair Value through PL						
Preference Shares, Fully Paid (Quoted)						
16.06% Infrastucture Leasing & Financial Services Ltd.	7,500	4,000	58.00	7,500	4,000	57.63
Mutual Funds (Quoted)						
HDFC FMP 3360 Days-Sr.30-Regular-Growth	10	5,000,000	65.19	10	5,000,000	61.54
ICICI Prudential Discovery Fund- Dividend Reinvest	—	—	—	10	1,327,365	41.23
Alternative Investment Fund (Unquoted)						
IIFL Real Estate Fund (Domestic) Sr.1	—	—	—	16	485.955	7.79
IIFL Real Estate Fund (Domestic) Sr.2	8	9,313,812	78.38	10	9,313,812	100.92
IIFL Real Estate Fund (Domestic) Sr.3	9	5,365,000	55.43	10	10,000,000	106.02
IIFL Income Opportunities Fund	—	—	—	1	9,936,715	6.52
IIFL Income Opportunities Fund Series-Special Situations	5	4,776,976	34.59	8	4,776,976	45.89
IIFL Seed Venture Fund	10	2,279,590	35.99	10	1,663,948	23.62
ICICI Prudential Real Estate AIF-II	100	373,935	41.73	10	373,935	40.65
Chiratae Trust	100,000	75	6.63	100,000	40	3.25
Equity Fund (Unquoted)						
IIFL Assets Revival Fund 2	10	4,523,997	63.51	10	4,523,997	59.68
IIFL National Development Agenda Fund	—	—	—	8	4,922,035	61.62
Total Investments at Fair Value through PL			**439.45**			**616.36**
Total Non Current Investments (A)			**1,453,85**			**1,807.71**
(B) Current Investment						
Investments at Fair Value through PL						
Mutual Funds (Unquoted)						
BSL Floating Rate Fund-STP-Growth	—	—	—	100	142,507	30.82
Total Investments at Fair Value through PL						**30.82**
Total Current Investments (B)	—	—	—	—	—	**30.82**

Notes to the Financial Statements

(Rs. in million)

	Non-Current	Current		Non- Current	Current
Aggregate book value of quoted investments	128.84	—		343.00	—
Aggregate market value of quoted investments	128.84	—		343.00	—
Aggregate value of unquoted investments	1,325.01	—		1,464.71	30.82

7 : Loans

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
(Unsecured considered good) Loans to a related party				
Loan to Subsidiary	802.10	93.75	692.12	42.83
Other Loans				
Loan to Employees	0.95	1.29	0.64	1.23
Total Loans	**803.05**	**95.04**	**692.76**	**44.06**

8 : Other Financial Assets

(Unsecured considered good) Security Deposits	13.25	0.50	16.55	1.00
Interest and Dividend Receivable	—	10.08	—	34.15
Interest and Fees receivable from Related Parties	—	31.27	—	39.12
Total Other Financial Assets	**13.25**	**41.85**	**16.55**	**74.27**

9 : Other Assets

(a) Capital Advances	0.76	—	38.03	—
(b) Advances other than Capital Advances				
(i) Other Advances	2.53	6.11	0.29	27.61
(ii) Export Benefits and Claims Receivable		118.94		123.62
(iii) Balance with Government Authorities		108.34		82.80
Total Other Assets	**3.29**	**233.39**	**38.32**	**234.03**

10 : Inventories

(At lower of cost and net realisable value) Raw Materials		188.83		151.85
Raw Materials in transit		80.45		—
Work-in-Progress		12.03		7.21
Finished Goods		79.96		115.57
Stores & Spare Parts		57.84		47.93
Total Inventories		**419.11**		**322.56**

11 : Trade Receivables

Unsecured, considered good		529.31		551.91
Doubtful		0.74		—
Less : Allowance for doubtful receivables		0.74		—
Total Trade Receivables		**529.31**		**551.91**

Notes to the Financial Statements

12A : Cash and Cash Equivalent

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
Balances with Banks		4.26		5.57
Remittance in Transit		16.69		—
Cash on hand		0.37		0.31
Total Cash and Cash equivalent		**21.32**		**5.88**

12B : Other Bank Balances

Earmarked balances with Banks (Unpaid Dividend Account)		5.65		5.34
Bank Deposits (held as security)		346.88		370.15
Total Other Bank Balances		**352.53**		**375.49**

13 : Current Tax Assets

Income Tax Payments and Tax Deducted at Source less Provision		195.11		195.30
Total Current Tax Assets		**195.11**		**195.30**

14 : Equity Share Capital

(Rs. in million)

	31st March 2018		31st March 2017	
	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
(b) Issued, Subscribed and Fully Paid				
Equity Shares of Rs. 5 each	43,693,333	218.47	43,693,333	218.47
Add: Forfeited Shares (Amount paid up)		0.02		0.02
Total		**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.

(d) Shares held by holding company

(Rs. in million)

	31st March 2018		31st March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Vardhan Limited	26,190,872	130.95	26,133,872	130.67

NOTES TO THE FINANCIAL STATEMENTS

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

(Rs. in million)

	31st March 2018		31st March 2017	
Name of the Shareholder	No. of Shares	% holding	No. of Shares	% holding
Vardhan Limited	26,190,872	59.94	26,133,872	59.81
R V Investment & Dealers Limited	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.

15 : Other Equity

(Rs. in million)

	31st March 2018		31st March 2017	
Capital Reserve				
As per last Balance Sheet		34.17		34.17
Capital Redemption Reserve				
As per last Balance Sheet		72.69		72.69
Securities Premium Reserve				
As per last Balance Sheet		161.50		161.50
Retained Earnings				
As per last Balance Sheet	5,628.47		5,524.41	
Add : Profit for the Year	56.00		187.20	
Add : Actuarial gain/(loss) on Defined Benefit Plan	(0.86)		(4.26)	
Less : Dividend	(65.54)		(65.54)	
Less : Dividend Distribution Tax	(13.34)	5,604.73	(13.34)	5,628.47
Other Comprehensive Income (OCI)				
As per last Balance Sheet	28.32		22.57	
Add : Movement in OCI (Net) during the year	(22.98)	5.34	5.75	28.32
Total Other Equity		**5,878.43**		**5,925.15**

Notes to the Financial Statements

16 : Borrowings

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loan				
From Bank[1]	196.88	131.31	289.36	155.73
Loans Repayable on Demand				
From Banks[2]	—	449.38		67.10
Buyer's Credit				
From Banks[2]	—	234.10		255.41
Unsecured	—			
Commercial Papers				400.00
	196.88	**814.79**	**289.36**	**878.24**
Less :				
Amount Disclosed under Other Financial Liabilities (Refer Note 17)		131.31		155.73
Total Borrowings	**196.88**	**683.48**	**289.36**	**722.51**

[1] Secured by Fixed Deposits, repayable in five half yearly instalments beginning from 29th September, 2018.

[2] Secured by hypothecation of Current Assets of the Company. Rs. 70.01 million (Previous year Rs. 178.98 million) additionally secured by movable fixed assets of Ankleshwar plant.

17 : Other Financial Liabilities

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
Current Maturities of Long Term Debts (Refer Note 16)		131.31		155.73
Interest Accrued	—	2.79	—	1.08
Security Deposits	—	5.94	—	5.14
Liabilities for Capital Goods	—	14.22	—	45.27
Unpaid Dividend[1]	—	5.65	—	5.34
Employee related Liabilities	—	15.96	—	15.46
Other Liabilities	10.04	23.14	14.85	27.16
Total Other Financial Liabilities	**10.04**	**199.01**	**14.85**	**255.18**

[1] These figures does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund except Rs. 0.67 million (previous year Rs. 0.55 million) which is held in abeyance due to legal case pending.

18 : Provisions

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
Provision for Employee Benefits	63.98	28.07	57.66	26.11
Total Provisions	**63.98**	**28.07**	**57.66**	**26.11**

Notes to the Financial Statements

19 : Income Tax

A. Deferred Tax

The major components of deferred tax liabilities/assets arising on account of timing differences are as follows:

(Rs. in million)

	1st April 2017	Profit & Loss (Net)	OCI (Net)	31st March 2018
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	662.11	46.21	—	708.32
Fair Value of Investments	9.20	1.86	(3.20)	7.86
Others	0.48	(0.48)	—	—
Deferred Tax Assets				
MAT Credit Entitlement	133.75	21.17	(0.27)	154.65
Unabsorbed Business Losses/Depreciation	3.16	15.36	—	18.52
Expenses relating to Retirement Benefits	28.99	2.72	0.46	32.17
MTM Adjustment on Forward Contracts	2.74	2.85	—	5.59
Others	—	0.25	—	0.25
Net Deferred Tax Liabilities	**503.15**	**5.24**	**(3.39)**	**505.00**

	1st April 2016	Profit & Loss (Net)	OCI (Net)	31st March 2017
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	656.50	5.61	—	662.11
Fair Value of Investments	3.85	4.77	0.58	9.20
Others	1.35	(0.87)	—	0.48
Deferred Tax Assets				
MAT Credit Entitlement	18.90	114.85	—	133.75
Unabsorbed Business Losses/Depreciation	—	3.16	—	3.16
Expenses relating to Retirement Benefits	24.91	1.83	2.25	28.99
MTM Adjustment on Forward Contracts	1.87	0.87	—	2.74
Net Deferred Tax Liabilities	**616.02**	**(111.20)**	**(1.67)**	**503.15**

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

	31st March 2018	31st March 2017
Profit before income tax	**82.41**	**90.99**
At India's statutory Income tax rate of 34.608%	28.52	31.49
Tax effect on non-deductible expenses	0.13	1.18
Effect of income exempt from tax	(12.04)	(24.96)
Effect of income taxed at special rate	9.80	(4.05)
MAT credit entitlement for earlier years	—	(99.87)
Tax expenses reported in the statement of profit and loss	**26.41**	**(96.21)**

Notes to the Financial Statements

20 : Trade Payable

(Rs. in million)

	31st March 2018	31st March 2017
Trade Payable		
Total outstanding dues of Micro and Small Enterprises	—	—
Total outstanding dues of creditors other than Micro and Small Enterprises	473.09	253.68
Total Trade Payables	**473.09**	**253.68**

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, 2018. 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

	31st March 2018	31st March 2017
Statutory Liabilities	5.73	6.26
'Customers' Credit Balances	2.26	2.19
Total Other Current Liabilities	**7.99**	**8.45**

22 : Revenue from Operations

	31st March 2018	31st March 2017
(a) Sale of Products		
Manufactured products	3,401.07	3.099.44
Traded products	13.46	31.40
Total Sale	**3,414.53**	**3,130.84**
(b) Other Operating Revenues		
Miscellaneous Sales	32.74	25.92
Renewal Energy Certificate benefits	9.57	93.12
Incentives	11.30	23.83
Total Other Operating Revenues	**53.61**	**142.87**
Total Revenue from Operations (Refer note 34)	**3,468.14**	**3,273.71**

23 : Other Income

	31st March 2018	31st March 2017
Interest Income		
On Investments	22.31	37.40
From Others	35.09	32.36
From Related Parties	33.87	22.40
Dividend Income	4.92	9.77
Gain on Sale of Investments classified as FVTPL (Net)	10.83	16.22
Gain on sale of Debt Securities classified as FVTOCI	2.64	—
Gain on reclassification of FVTOCI Debt Securities	29.25	5.28
Fair value gain on Financial Instruments classified as FVTPL (Net)	14.83	58.26
Profit on Fixed Assets sold/discarded (Net)	2.78	—
Foreign Exchange Rate Fluctuation (Net)	47.65	—
Guarantee fee from Related Parties	16.72	16.72
Other Non Operating Income	12.19	28.29
Total Other Income	**233.08**	**226.70**

Notes to the Financial Statements

24 : Employee Benefits Expense

(Rs. in million)

	31st March 2018	31st March 2017
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)	203.95	180.41
Contribution to Provident Fund	10.19	8.98
Staff Welfare Expenses	16.49	16.46
Total Employee Benefits Expense	**230.63**	**205.85**

25 : Finance Costs

	31st March 2018	31st March 2017
Interest expense	42.66	29.30
Exchange difference regarded as an adjustment to Borrowing Cost	26.14	—
Bank/Finance charges	1.78	3.37
Total Finance Cost	**70.58**	**32.67**

Borrowings Cost capitalised during the year Rs. 14.12 million (Previous year Rs. 13.69 million).

26 : Other Expenses

	31st March 2018	31st March 2017
Consumption of Stores & Spare parts etc.	67.10	69.45
Other Manufacturing Expenses	15.97	18.29
Power & Fuel	257.57	234.92
Repairs to -		
Plant & Machinery	37.48	36.45
Buildings	1.81	1.70
Others	5.99	7.20
Water Charges & Cess	20.64	19.29
Rates & Taxes	6.03	6.65
Rent	8.09	7.39
Insurance	6.46	6.39
Legal and Professional Charges	31.35	28.69
Miscellaneous Expenses	47.95	43.33
CSR Expenditure (Refer Note No. 31)	1.80	2.31
Foreign Exchange Rate Fluctuation (Net)	—	4.02
Commission & Brokerage to Others	9.81	10.02
Freight, Handling & Other Charges	41.12	38.25
Directors' Fees	1.64	1.54
Travelling Expenses	12.20	15.07
Directors' Remuneration	25.64	22.45
Provision for bad & doubtful Debts & Advances (net)	0.74	—
Unrealized Debts and Claims written off	0.41	1.55
Loss on Fixed Assets sold/discarded (Net)	—	0.84
Payment to Auditors	2.42	2.27
Fair Value Loss on Foreign Exchange Forward Contracts	1.24	10.20
Total Other Expenses	**603.46**	**588.27**

NOTES TO THE FINANCIAL STATEMENTS

Additional Information regarding Payment to Auditors

(Rs. in million)

	31st March 2018	31st March 2017
(a) Statutory Auditors		
Audit Fees	0.80	0.80
For Certificates & Others	1.32	1.06
For Travelling and out of pocket expenses	0.14	0.16
(b) Cost Auditors		
Audit Fees	0.15	0.15
For Travelling and out of pocket expenses	0.01	0.10
Total payment to Auditors	**2.42**	**2.27**

27 : Exceptional Item

	31st March 2018	31st March 2017
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)

	31st March 2018	31st March 2017
A. Items that will not be reclassified to Profit or Loss -		
1. Actuarial Gain/(Loss) on Defined Benefit Plan	(1.32)	(6.51)
Current Tax	0.27	—
MAT Credit Entitlement	(0.27)	—
Income Tax Effect	0.46	2.25
2. Net Gain/(Loss) on Equity instruments designated as FVTOCI	0.79	1.31
Income Tax Effect	0.09	—
Net OCI not to be reclassified to Profit or Loss	**0.02**	**(2.95)**
B. Items that will be reclassified to Profit or Loss -		
1. Net Gain/(Loss) on Debt Securities classified as FVTOCI	2.28	10.30
Income Tax Effect	(0.26)	(1.19)
2. (Gain)/Loss transferred to Profit or Loss on reclassification of Debt Securities	(29.25)	(5.28)
Income Tax Effect	3.37	0.61
Net OCI to be reclassified to Profit or Loss	**(23.86)**	4.44
Other Comprehensive Income for the year, net of tax	**(23.84)**	**1.49**

29 : Earnings per Share (EPS)

	31st March 2018	31st March 2017
Details for calculation of Basic and Diluted Earning per Share:		
Profit after Tax as per Statement of Profit and Loss (Rs. in Million)	56.00	187.20
Weighted average number of Equity Share	43,693,333	43,693,333
Basic and Diluted Earning per Share (Rs.) (Face Value Rs. 5 each)	1.28	4.28

NOTES TO THE FINANCIAL STATEMENTS

30 : Commitments and Contingencies:

(Rs. in million)

	31st March 2018	31st March 2017
(i) Contingent Liabilities		
(a) Claims/Disputed Liabilities not acknowledged as Debt		
Excise Duty Demands (paid Rs. 6.54 million)	13.13	17.84
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)	5.56	4.19
(b) Outstanding Bank Guarantees	27.34	35.99
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	1.59	161.23
Advance paid	0.76	38.03
Uncalled Liability on Investments	15.50	28.00

31 : Amount spent on CSR Activities:

	31st March 2018	31st March 2017
Gross amount required to be spent by the Company during the year	1.80	2.31
Amount spent during the year on:		
Promotion of Education	1.63	1.85
Empowering women through employment enhancing skills	0.07	0.41
Preventive health care	0.10	0.05
	1.80	**2.31**

32 : Distribution Proposed:

	31st March 2018	31st March 2017
Proposed dividends on Equity shares: Final cash dividend for the year ended on 31 March 2018: INR 1.5 per share (31 March 2017: INR 1.5 per share)	65.54	65.54
DDT on proposed dividend	13.47	13.34
	79.01	**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 2018.

NOTES TO THE FINANCIAL STATEMENTS

33 : Segment Information

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)

(Rs. in million)

Business Segment	Year ended 31st March 2018			Year ended 31st March 2017		
	Alco Chemicals	Solar Power	Total	Alco Chemicals	Solar Power	Total
Segment Revenue						
Revenue from Operations (Refer note 34)	3,422.90	45.24	3,468.14	3,146.79	126.92	3,273.71
Segment Result	65.25	(4.43)	60.82	165.20	68.33	233.53
Less: (i) Finance Costs			70.58			32.67
(ii) Exceptional Item			—			184.17
(iii) Un-allocable expenditure net off Un-allocable income			(92.17)			(74.30)
Profit before Tax			**82.41**			**90.99**
Tax Expense			26.41			(96.21)
Net Profit:			**56.00**			**187.20**
Segment Assets	4,749.61	346.94	5,096.55	4,461.48	376.26	4,837.74
Un-allocable Corporate Assets			3,167.91			3,436.85
Total Assets:			**8,264.46**			**8,274.59**
Segment Liabilities	567.48	8.94	576.42	389.00	5.08	394.08
Un-allocable Corporate Liabilities			1,591.12			1,736.87
Total Liabilities:			**2,167.54**			**2,130.95**
Other Disclosures						
Capital Expenditure	429.06	—	429.06	294.16	0.06	294.22
Un-allocable Capital Expenditure			4.53			8.38
Total Capital Expenditure:			**433.59**			**302.60**
Depreciation & Amortization	168.79	34.08	202.87	154.43	41.18	195.61
Un-allocable Depreciation			9.01			8.71
Total Depreciation & Amortization:			**211.88**			**204.32**

(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.

34 : Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures of Revenue from Operation and Segment Revenue of Alco Chemicals for the Year ended 31st March, 2018 are not comparable with the previous year.

NOTES TO THE FINANCIAL STATEMENTS

35 : 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 .

(Rs. in million)

	31st March 2018 Gratuity	31st March 2017 Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	**67.74**	**58.10**
- Current Service Cost	4.17	3.64
- Interest Expense or Cost	5.01	4.53
- Actuarial (gains) / losses arising from:		
change in financial assumptions	(0.84)	1.43
experience variance	2.16	5.07
- Benefits paid	(3.41)	(5.03)
- Present Value of Obligation as at the end	**74.83**	**67.74**
2. Expenses recognised in the Statement of Profit & Loss		
- Current Service Cost	4.17	3.64
- Interest Expense or Cost	5.01	4.53
Total	**9.18**	**8.17**
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in financial assumptions	(0.84)	1.43
experience variance	2.16	5.07
Total	**1.32**	**6.50**
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annum)	7.60%	7.40%
Salary growth rate (per annum)	7.00%	7.00%
(b) Demographic Assumptions		
Mortality rate (% of IALM 06-08)	100%	100%
Attrition/Withdrawal rates, based on age: (per annum)		
up to 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%

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.

Notes to the Financial Statements

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

(Rs. in million)

Particulars	31st March 2018	31st March 2017
Discount rate increase by 1%	(70.99)	(64.30)
Discount rate decrease by 1%	79.15	71.65
Salary Growth rate increase by 1%	79.13	71.63
Salary Growth rate decrease by 1%	(70.94)	(64.25)

6. Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow)	5 Years
Expected cash flow over the next (valued on undiscounted basis)	
1 year	10.85
2 to 5 year	43.69
6 to 10 year	26.57
More than 10 year	46.74

7. In respect of Provident Fund in the nature of defined benefit plans contribution amounting to Rs. 2.92 million (Previous year Rs. 2.55 million) and the accrued past service liability of Rs. Nil (Previous year Rs. Nil) as valued by the actuary using Projected Unit Credit Method is recognised as expenses and included in "Employee Benefits Expense".

8. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

B. Defined Contribution Plan

The Company contributes 12% of salary for all eligible employees towards Provident Fund managed either by approved trust 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. 10.19 million (previous year Rs. 8.98 million).

NOTES TO THE FINANCIAL STATEMENTS

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

(Rs. in million)

Name of the Company	Relation	Nature	Purpose	31st March 2018	31st March 2017
Pipri Ltd.	Subsidiary	Original Investment in equity shares	Business	48.01	48.01
APAG Holding AG	Subsidiary	Original Investment in equity shares	Acquisition	423.14	423.14
Kanoria Africa Textiles Plc	Subsidiary	Original Investment in equity shares	To setup green field textile plant	705.05	705.05
APAG Holding AG	Subsidiary	Loans (Interest bearing)	Capital Expenditure, Working Capital and acquisition	479.70	450.11
Kanoria Africa Textiles Plc	Subsidiary	Loans (Interest bearing)	Capital Expenditure and Working Capital	411.08	280.10
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
APAG Elektronik s.r.o[1]	Subsidiary	Corporate Guarantee	Borrowing by APAG Elektronik s.r.o from Ceskoslovenska obchodni banka, a.s.	322.49	276.99
Kanoria Africa Textiles Plc[2]	Subsidiary	Corporate Guarantee	Borrowing by Kanoria Africa Textiles Plc from Export-Import Bank of India	1,430.97	1,426.45

[1] Loan Outstanding Rs. 176.95 million (Previous year Rs. 180.94 million)
[2] Loan Outstanding Rs. 1,365.86 million (Previous year Rs. 1,361.54 million)

37 : Category-wise classification of Financial Instruments

(Rs. in million)

	Refer Note	Non-Current		Current	
		31st March 2018	31st March 2017	31st March 2018	31st March 2017
Financial Assets					
Measured at cost					
Investments	6A	1,000.39	1,000.39	—	—
Measured at amortised cost					
Trade Receivables	11	—	—	529.31	551.91
Cash and cash equivalents	12A	—	—	21.32	5.88
Other Bank balances	12B	—	—	352.53	375.49
Loans	7	803.05	692.76	95.04	44.06
Other Financial Assets	8	13.25	16.55	41.85	74.27
Measured at fair value through profit or loss					
Investments	6A & B	439.45	616.36	—	30.82
Measured at fair value through other comprehensive income					
Investments	6A	14.01	190.96	—	—
Total Financial Assets		**2,270.15**	**2,517.02**	**1,040.05**	**1,082.43**

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in million)

	Refer Note	Non-Current		Current	
		31st March 2018	31st March 2017	31st March 2018	31st March 2017
Financial Liabilities					
Measured at amortised cost					
Borrowings	16	196.88	289.36	683.48	722.51
Trade Payables	20	—	—	473.09	253.68
Other Financial Liabilities	17	—	—	192.97	252.15
Measured at fair value through profit or loss					
Other Financial Liabilities	17	10.04	14.85	6.04	3.03
Total Financial Liabilities		**206.92**	**304.21**	**1,355.58**	**1,231.37**

38 : Fair Value Measurements of Financial Instruments

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

(Rs. in million)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2018			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)	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	58.00	—	—	57.63	—	—
Quoted Mutual funds	65.19	—	—	102.77	—	—
Unquoted Mutual funds	—	—	—	—	30.82	—
Unquoted Alternate Investment funds	—	252.75	—	—	334.66	—
Unquoted Equity funds	—	63.51	—	—	121.30	—
Financial assets measured at fair value through other comprehensive income						
Quoted Equity Shares	5.65	—	—	4.87	—	—
Unquoted Equity Shares	—	—	8.36	—	—	8.36
Quoted Debentures/Bonds	—	—	—	177.73	—	—
Financial liabilities measured at fair value through profit or loss						
Forward Exchange contract (Net)	16.08	—	—	17.88	—	—

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.

39 : 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 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.

(Rs. in million)

	31st March 2018						31st March 2017					
	USD	INR	EURO	INR	JPY	INR	USD	INR	EURO	INR	SGD	INR
Foreign Currency Receivable/ (Payable) (Net)	3.41	222.12	2.55	205.69	(12.00)	(7.38)	5.27	341.85	2.67	184.77	(2.12)	(98.21)
Depreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		11.11		10.28		(0.37)		17.09		9.24		(4.91)
Appreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		(11.11)		(10.28)		0.37		(17.09)		(9.24)		4.91

Total hedged foreign currency payable (net)- USD 0.83 million equivalent to Rs. 54.20 million (Previous year USD 1.00 million equivalent to Rs. 64.84 million).

Notes to the Financial Statements

(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:

(Rs. in million)

	31st March 2018		31st March2017	
Consumption of Methanol	1,807.21		1,395.35	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	(90.36)	90.36	(69.77)	69.77

(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.

(Rs. in million)

	31st March 2018		31st March2017	
Investment	388.27		568.05	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	19.41	(19.41)	28.40	(28.40)

(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 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.

Notes to the Financial Statements

(Rs. in million)

	Less than 1 year	1 to 5 year	Total	Carrying value
As at 31st March, 2018				
Borrowings (refer note 16)	814.79	196.88	1,011.67	1,011.67
Trade payable (refer note 20)	473.09	—	473.09	473.09
Other financial liabilities (refer note 17)	67.70	10.04	77.74	77.74
As at 31st March, 2017				
Borrowings (refer note 16)	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 17)	99.45	14.85	114.30	114.30

40 : 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.

41 : 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 (up to 4th March, 2018)	
10. APAG Services S. De R.L. De C.V., Mexico (up to 4th March, 2018)	
11. APAG Elektronik Corp., Canada (w.e.f. 13th February, 2018)	
12. Mr. R. V. Kanoria - Chairman & Managing Director	Key Management Personnel (KMP)
13. Mr. S. V. Kanoria - Whole Time Director	
14. Mr. Amitav Kothari - Director	
15. Mr. H.K. Khaitan - Director	
16. Mr. Ravindra Nath - Director	
17. Mr. G. Parthasarathy - Director	
18. Mr. S. L. Rao - Director	
19. Mr. A. Vellayan - Director	
20. Mrs. M. Kanoria - 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

NOTES TO THE FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(Rs. in million)

Nature of Transaction	2017-18				2016-17			
	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	39.29	—	—	—	39.20	—	—	—
Mr. R. V. Kanoria	—	0.69	—	—	—	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	—	—	—	0.29	—	—
Mr. H.K. Khaitan	—	0.36	—	—	—	0.32	—	—
Mr. Ravinder Nath	—	0.19	—	—	—	0.17	—	—
Mr. G. Parthasarathy	—	0.26	—	—	—	0.17	—	—
Mr. S. L. Rao	—	0.18	—	—	—	0.16	—	—
Mr. A. Vellayan	—	0.10	—	—	—	0.05	—	—
Mrs. M. Kanoria	—	0.21	—	—	—	0.21	—	—
Loans & Advances Given*								
Kanoria Africa Textiles PLC	135.15	—	—	—	241.07	—	—	—
APAG Holding AG	67.68	—	—	—	(38.01)	—	—	—
Receipt towards Loans & Advances Repayment								
Kanoria Africa Textiles PLC	4.75	—	—	—	28.58	—	—	—
APAG Holding AG	38.09	—	—	—	—	—	—	—
Interest & Fees for the year								
Kanoria Africa Textiles PLC	31.27	—	—	—	43.27	—	—	—
APAG Holding AG	16.90	—	—	—	14.63	—	—	—
APAG Elektronik s.r.o.	2.41	—	—	—	2.45	—	—	—
Interest & Fees Received								
Kanoria Africa Textiles PLC	22.04	—	—	—	21.82	—	—	—
APAG Holding AG	31.53	—	—	—	8.46	—	—	—
APAG Elektronik s.r.o.	4.86	—	—	—	2.98	—	—	—

NOTES TO THE FINANCIAL STATEMENTS

(Rs. in million)

Nature of Transaction	2017-18				2016-17			
	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	—	18.08	—	—	—	14.70	—	—
Mr. S. V. Kanoria	—	7.56	—	—	—	5.16	—	—
Mr. T. D. Bahety	—	—	—	—	—	2.59	—	—
Mrs. V. Kanoria	—	2.92	—	—	—	2.66	—	—
Commission Paid								
KPL International Limited	—	—	2.06	—	—	—	2.43	—
Rent received								
KPL International Limited	—	—	0.60	—	—	—	0.58	—
Contribution during the year (includes Employees' share and contribution)								
Kanoria Employees' Provident Fund Trust	—	—	—	6.59	—	—	—	5.76
Balances as at 31st March								
Investments								
Pipri Limited	48.01	—	—	—	48.01	—	—	—
Kanoria Africa Textiles PLC	529.24	—	—	—	529.24	—	—	—
APAG Holding AG	423.14	—	—	—	423.14	—	—	—
Loans & Advances								
Kanoria Africa Textiles PLC	416.14	—	—	—	284.85	—	—	—
APAG Holding AG	479.70	—	—	—	450.11	—		
Interest and fees Receivable								
Kanoria Africa Textiles PLC	31.27	—	—	—	22.04	—	—	—
APAG Holding AG	—	—	—	—	14.63	—	—	
APAG Elektronik s.r.o.	—	—	—	—	2.45	—	—	—
Remuneration								
Mrs. V. Kanoria	—	0.29	—	—	—	0.26	—	—
Maximum amount outstanding during the year Investments								
Pipri Limited	48.01	—	—	—	48.01	—	—	—
Kanoria Africa Textiles PLC	529.24	—	—	—	529.24	—	—	—
APAG Holding AG	423.14	—	—	—	423.14	—	—	—
Loans & Advances								
Kanoria Africa Textiles PLC	418.72	—	—	—	314.11	—	—	—
APAG Holding AG	479.70	—	—	—	488.12	—	—	—

* Includes foreign exchange rate fluctuation

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

Signature to Note 1 to 42

For and on behalf of the Board,

As per our report of even date annexed
For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No.318086E

AMITAV KOTHARI
Director
(DIN:01097705)

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

ABHISHEK MOTHA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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 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 March 31, 2018, 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 (2) of the Other Matters paragraph below, other than the financial statements as certified by the management and referred to sub paragraph (3) 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.

Independent Auditor's Report

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 March 31, 2018 and their consolidated profit (including other comprehensive income), their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

OTHER MATTERS

1. The corresponding financial information of the Group as at and for the year ended March 31, 2017 included in these consolidated Ind AS financial statements, are based on the previously issued Consolidated Financial Statements for the year ended March 31, 2017, prepared in accordance with the Indian Accounting Standards (Ind AS) under section 133 of the Act read with rules thereunder which were audited by our predecessor auditor, on which they expressed an unmodified opinion in their audit report dated May 30, 2017 to the attached Consolidated Ind AS financial statements.

2. We did not audit the financial statements of Pipri Ltd., an Indian subsidiary, whose financial statements reflect total assets of Rs. 176.53 million as at March 31, 2018, total revenues of Rs. 11.11 million and net cash inflow of Rs. 0.43 million for the year ended on that date, as considered in the statements. The financial statements 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 a Non Banking Financial Company. These Financial Statements 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. 5,998.86 million as at March 31, 2018, total revenues of Rs. 5,239.25 million and net cash outflow of Rs. 63.83 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.

Independent Auditor's Report

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 31, 2018 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 March 31, 2018 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 with reference to financial statement of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure 'A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements; 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. 0.67 million which is held in abeyance due to pending legal cases.

For Jitendra K Agarwal & Associates
Chartered Accountants
(Firm Registration No. 318086E)

(Abhishek Mohta)
Partner
Membership No. 066653

Place: New Delhi
Dated: 18th May, 2018

Annexure A to the Independent Auditor's Report

The Annexure referred to in paragraph 1 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date in respect to the internal financial control under clause (i) of sub-section 3 of section 143 of the Act of M/s Kanoria Chemicals & Industries Limited for the year ended March 31, 2018, we report that:

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 March 31, 2018 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 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 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 March 31, 2018, 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.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one (1) subsidiary is based on the corresponding reports of the auditors of such companies.

For Jitendra K Agarwal & Associates
Chartered Accountants
(Firm Registration No. 318086E)

(Abhishek Mohta)
Partner
Membership No. 066653

Place: New Delhi
Dated: 18th May, 2018

Consolidated Balance Sheet

As at 31st March 2018

(Rs. in million)

Particulars	Notes	As at 31st March 2018	As at 31st March 2017
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	5A	7,529.28	6,922.11
(b) Capital Work-in-Progress		120.23	265.15
(c) Goodwill on Consolidation	5B	337.37	335.21
(d) Other Intangible Assets	5B	136.45	168.42
(e) Financial Assets			
(i) Investments	6	608.73	960.87
(ii) Loans	7	0.95	0.64
(iii) Others	8	19.37	22.52
(f) Other Non-Current Assets	9	74.19	40.35
Total Non-Current Assets		**8,826.57**	**8,715.27**
Current Assets			
(a) Inventories	10	1,413.64	1, 028.95
(b) Financial Assets			
(i) Investments	6	19.84	41.08
(ii) Trade Receivables	11	1,376.57	1,144.10
(iii) Cash and Cash Equivalents	12A	109.48	157.43
(iv) Bank Balances other than (iii) above	12B	359.07	375.49
(v) Loans	7	1.33	1.26
(vi) Others	8	12.89	35.72
(c) Current Tax Assets (Net)	13	192.34	195.12
(d) Other Current Assets	9	466.28	400.29
Total Current Assets		**3,951.44**	**3,379.44**
Total Assets		**12,778.01**	**12,094.71**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	14	218.49	218.49
Other Equity	15	5,660.80	5,582.12
Equity attributable to equity holders of the parent		**5,879.29**	**5,800.61**
Non Controlling Interest		60.39	89.52
Total Equity		**5,939.68**	**5890.13**
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	2,595.01	2,656.48
(ii) Other Financial Liabilities	17	49.18	60.60
(b) Provisions	18	63.98	57.66
(c) Deferred Tax Liabilities (Net)	19A	479.63	523.94
Total Non-Current Liabilities		**3,187.80**	**3,298.68**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,341.68	1,116.09
(ii) Trade Payables	20	1,284.61	914.11
(iii) Other Financial Liabilities	17	742.23	710.14
(b) Other Current Liabilities	21	210.09	115.42
(c) Provisions	18	71.92	50.14
Total Current Liabilities		**3,650.53**	**2,905.90**
Total Liabilities		**6,838.33**	**6,204.58**
Total Equity and Liabilities		**12,778.01**	**12,094.71**
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed

For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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 & Loss

For the year ended 31st March 2018

(Rs. in million)

Particulars	Notes	As at 31st March 2018	As at 31st March 2017
INCOME			
Revenue from Operations	22	8,448.20	7,337.36
Other Income	23	454.19	258.29
Total Income		**8,902.39**	**7,595.65**
EXPENSES			
Cost of Materials Consumed		5,638.33	4,350.12
Purchase of Stock-in-Trade		12.06	29.42
Change in Inventories of Finished Goods and Work-in-Progress		(40.61)	(64.37)
Excise Duty on Sale of Goods		80.66	317.07
Employee Benefit Expenses	24	1,303.42	1,239.21
Finance Costs	25	237.94	201.92
Depreciation and Amortisation Expenses	5A, 5B	466.12	454.55
Other Expenses	26	**1,108.11**	1,200.21
Total Expenses			
Profit/(Loss) before Exceptional Items and Tax		**96.36**	
Exceptional Item	27	—	184.17
Profit/(Loss) before Tax		**96.36**	**(316.65)**
Tax Expenses:			
Current Tax		23.27	31.01
MAT Credit Entitlement		(21.17)	(14.99)
MAT Credit Entitlement for earlier years		—	(99.87)
Deferred Tax		(21.42)	4.18
Tax for earlier years		—	(0.04)
Profit/(Loss) for the year		**115.68**	**(236.94)**
OTHER COMPREHENSIVE INCOME (OCI)			
A (i) Items that will not be reclassified to Profit or Loss	28A	(0.65)	(5.20)
(ii) Income-tax relating to items that will not be reclassified to Profit & Loss		0.58	2.25
B (i) Items that will be reclassified to Profit or Loss	28B	(26.03)	7.34
(ii) Income-tax relating to items that will be reclassified to Profit & Loss		3.00	(0.81)
Other Comprehensive Income for the year, net of tax		**(23.10)**	**3.58**
Total Comprehensive Income for the Year		**92.58**	**(233.36)**
Profit/(Loss) attributable to			
Owners of the Company		140.48	(147.75)
Non-Controlling Interest		(24.80)	(89.19)
Other Comprehensive Income attributable to			
Owners of the Company		(23.10)	3.58
Non-Controlling Interest		—	—
Total Comprehensive Income attributable to			
Owners of the Company		117.38	(144.17)
Non-Controlling Interest		(24.80)	(89.19)
Earning per Share (INR) - Basic & Diluted	29	3.22	(3.38)
Significant Accounting Policies	3		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed

For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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 2018

(Rs. in million)

(A) Equity Share Capital

	Year ended 31st March 2018			Year ended 31st March 2017		
	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**

(Rs. 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 31st March 2016	34.17	161.50	72.69	27.80	5,534.67	3.15	24.35	(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	4.46	30.88	(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**	**4.46**	**30.88**	**(239.79)**	**5,582.12**	**89.52**	**5,671.64**
Profit for the year					140.48				140.48	(24.80)	
Other Comprehensive Income					(0.86)	0.79	(23.03)		(23.10)		
Total Comprehensive Income	34.17	161.50	72.69	29.84	5,627.99	5.25	7.85	(239.79)	5,699.50	64.72	5,764.22
Dividend					(65.54)				(65.54)		
Dividend Distribution Tax					(13.34)				(13.34)		
Transfer to Special Reserve				1.83	(1.83)				–		
Foreign Currency translation adjustment					(7.67)			47.85	40.18	(4.33)	
As at 31st March 2018	**34.17**	**161.50**	**72.69**	**31.67**	**5,539.61**	**5.25**	**7.85**	**(191.94)**	**5,660.80**	**60.39**	**5,721.19**

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date annexed
For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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 2018

(Rs. in million)

	For the year ended 31st March 2018	For the year ended 31st March 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	96.36	(316.65)
Adjustments for:		
Exceptional item	—	184.17
Unrealized Debts and Claims written off	16.46	4.27
Provision for bad & doubtful Debts & Advances (net)	1.01	(2.24)
Fair Value Loss on Foreign exchange forward contracts	1.24	10.20
Finance Costs	237.94	201.92
Depreciation & Amortisation	466.12	454.55
(Profit)/Loss on Sale of Fixed Assets (Net)	(26.53)	2.63
(Profit)/Loss on Sale of Investments as FVTPL/FVTOCI (Net)	(42.72)	(24.26)
Interest Income	(60.80)	(73.17)
Fair Value gain on Financial Instruments as FVTPL (Net)	(16.59)	(66.81)
Dividend Income	(10.88)	(14.40)
Liabilities written back	(6.34)	(2.97)
Unrealised Foreign Exchange (Gain)/Loss (Net)	(115.88)	109.60
Operating Profit before Working Capital changes	**539.39**	**466.84**
Adjustments for:		
(Increase)/ Decrease in trade and other Receivables (Net)	(377.15)	(273.60)
Inventories	(384.69)	(224.70)
Increase/ (Decrease) in Trade and other Payables (Net)	511.54	394.49
Cash generated from Operations	**289.09**	**363.03**
Income Tax (Paid)/Refund (net)	(20.48)	(62.63)
Net Cash from Operating activities	**268.61**	**300.40**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(771.03)	(493.86)
Sale of Fixed Assets	44.72	15.91
Purchase of Investments	(1,517.70)	(1,584.59)
Sale of Investments	1,925.03	2,057.45
Fixed Deposit & Margin Money (net)	16.72	2.67
Interest received	89.69	53.03
Dividend received	6.06	14.40
Net Cash used in Investing Activities	**(206.51)**	**65.01**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(Repayment) of Borrowings (net)	232.15	(128.41)
Dividend Paid (including Dividend Distribution Tax)	(78.88)	(78.88)
Finance Costs paid	(263.32)	(182.44)
Net Cash used in Financing activities	**(110.05)**	**(389.73)**
Net Increase/(Decrease) in cash and cash equivalents	(47.95)	(24.32)
Cash and cash equivalents at the beginning of the year	**157.43**	**181.75**
Cash and cash equivalents at the end of the year (Note 12A)	**109.48**	**157.43**

Note:

a. 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.

b. The composition of Cash and Cash Equivalents have been determined based on the Accounting Policy No. 3(M).

As per our report annexed
For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOHTA
Partner
Membership No. 066653

Place: New Delhi
Date: 18th May, 2018

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 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 31 March 2018. 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.

These Consolidated financial Statements have been approved for issue by the Board of Directors on 18th May 2018.

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:

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

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

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 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.

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 including contingent liabilities. Actual results may differ from these estimates. Difference between actual results and estimates are recognised in the period prospectively in which the results are known/materialised.

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.

Detailed information about estimates and judgements is included in Note 4.

Notes to the Consolidated Financial Statements

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 on the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates on 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 accumulated impairment loss, 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.

In case of self-constructed assets, cost includes the costs of all materials used in construction, direct labour, allocation of directly attributable overheads, directly attributable borrowing costs incurred in bringing the item to working condition for its intended use. The costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling items produced while bringing the asset to that location and condition, are also added to the cost of self-constructed assets. The Company considers a Project to be 'unit of measure' for construction of a manufacturing plant rather than individual assets comprising the project in appropriate cases for the purpose of capitalisation of expenditure incurred during construction period.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

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.

Major Inspection/ Repairs/ Overhauling expenses are recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any Unamortized part of the previously recognized expenses of similar nature is derecognized.

Capital work-in-progress is stated at cost which includes expenses incurred during construction period, interest on amount borrowed for acquisition of qualifying assets and other expenses incurred in connection with project implementation in so far as such expenses relate to the period prior to the commencement of commercial production.

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. 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.

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 acquired are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated 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.

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

Computer Software	3 years
Product Development	5 years

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

D. Leases

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

Finance Leases, which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item, are capitalized. Lease management fees, legal charges and other initial direct costs are capitalized.

If there is no reasonable certainty that the Company will obtain the ownership by the end of lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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).

Notes to the Consolidated 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 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.

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.

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 not held for trading. 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.

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 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.

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.

III. Derivative Financial Instruments

Derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage Company's exposure to foreign exchange rate and interest rate risks are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. The Company does not hold derivative financial instruments for speculative purposes.

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.

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.

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.

Notes to the Consolidated Financial Statements

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. 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 issued but not yet effective

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The amendment is applicable to the Company for the reporting period beginning April 1, 2018.

Ind AS 115 replaces existing revenue recognition standards Ind AS 11, Construction Contracts and Ind AS 18, Revenue and revised guidance note of the ICAI on Accounting for Real Estate Transaction for Ind AS entities issued in 2016. The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

4. 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

Notes to the Consolidated 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 recyclable 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.

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 Group'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 Financial Assets*

The Group reviews its carrying value of investments carried at amortized cost annually, or more frequently when there is indication of impairment. If recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Notes to the Consolidated Financial Statements

e. Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group 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 Group uses internal business plans, quoted market prices and the Group'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 Group 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.

f. Taxes

The Group 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.

Notes to the Consolidated Financial Statements

5A. Property Plant and Equipment

(Rs. in million)

	Gross Carrying Value					Depreciation					Net Carrying Value
	As at 01.04.17	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.18	As at 01.04.17	For the Year	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.18	As at 31.03.18
Land & Site Development :											
Freehold	738.89	—	8.85	—	747.74	—	—	—	—	—	747.74
Leasehold	1,068.95	—	0.86	—	1,069.81	29.34	14.66	0.05	—	44.05	1,025.76
Buildings	1,732.96	74.62	75.08	11.72	1,870.94	102.96	57.10	7.14	6.51	160.69	1,710.25
Plant & Equipment	3,970.67	767.39	116.95	2.41	4,852.60	577.13	298.13	57.34	0.16	932.44	3,920.16
Furniture & Fixtures	74.92	9.91	1.06	0.57	85.32	23.21	10.48	0.73	0.33	34.09	51.23
Vehicles & Fork Lifts	46.30	22.78	1.86	2.30	68.64	7.96	7.69	0.80	1.42	15.03	53.61
Office Equipment	100.54	5.69	9.23	14.41	101.05	70.52	10.94	6.32	7.26	80.52	20.53
Total	**7,733.23**	**880.39**	**213.89**	**31.41**	**8,796.10**	**811.12**	**399.00**	**72.38**	**15.68**	**1,266.82**	**7,529.28**

	Gross Carrying Value					Depreciation					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	For the Year	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	1,010.41	766.92	(42.76)	1.61	1,732.96	48.56	57.00	(2.38)	0.22	102.96	1,630.00
Plant & Equipment	2,066.27	2,008.01	(75.71)	27.90	3,970.67	335.06	277.07	(19.64)	15.36	577.13	3,393.54
Furniture & Fixtures	61.40	14.98	(0.74)	0.72	74.92	11.48	12.23	(0.33)	0.17	23.21	51.71
Vehicles & Fork Lifts	16.83	33.68	(0.87)	3.34	46.30	4.35	5.25	(0.30)	1.34	7.96	38.34
Office Equipment	103.30	19.08	(6.24)	15.60	100.54	67.46	21.90	(5.09)	13.75	70.52	30.02
Total	**5,075.53**	**2,842.67**	**(135.80)**	**49.17**	**7,733.23**	**481.64**	**388.25**	**(27.93)**	**30.84**	**811.12**	**6,922.11**

5B. Intangible Assets

	Gross Carrying Value					Amortisation					Net Carrying Value
	As at 01.04.17	Additions	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.18	As at 01.04.17	For the Year	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.18	As at 31.03.18
Goodwill	335.21	—	2.16	—	337.37	—	—	—	—	—	337.37
Computer Software	93.70	17.00	16.51	5.57	121.64	57.06	24.37	12.38	3.11	90.70	30.94
Product Development	356.43	10.69	19.01	—	386.13	224.65	42.75	13.22	—	280.62	105.51
Total	**785.34**	**27.69**	**37.68**	**5.57**	**845.14**	**281.71**	**67.12**	**25.60**	**3.11**	**371.32**	**473.82**

	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	For the Year	Foreign Currency Translation Adjustment	Sale/ Disposal	As at 31.03.17	As at 31.03.17
Goodwill	335.21	—	—	—	335.21	—	—	—	—	—	335.21
Computer Software	79.79	20.87	(5.63)	1.33	93.70	40.60	21.65	(4.07)	1.12	57.06	36.64
Product Development	348.44	31.78	(23.79)	—	356.43	193.76	44.65	(13.76)	—	224.65	131.78
Total	**763.44**	**52.65**	**(29.42)**	**1.33**	**785.34**	**234.36**	**66.30**	**(17.83)**	**1.12**	**281.71**	**503.63**

Notes to the Consolidated Financial Statements

6 : Investments

(Rs. in million)

	31st March 2018			31st March 2017		
	Face Value Rs.	Nos.	Amount	Face Value Rs.	Nos.	Amount
(A) Non Current Investments:						
Investments at Fair Value through OCI						
Equity Shares, Fully Paid (Quoted)						
IFCI Ltd.	10	200	0.00	10	200	0.01
HDFC Bank Ltd.	2	2,500	4.72	2	2,500	3.61
Bank of India.	10	9,000	0.93	10	9,000	1.25
NMDC Limited.	1	8,000	0.95	1	8,000	1.06
Equity Shares, Fully Paid (Unquoted)						
Enviro Technology Ltd.	10	10,000	0.10	10	10,000	0.10
Bharuch Enviro Infrastructure Ltd.	10	1,400	0.01	10	1,400	0.01
Mittal Tower Premises Co-op. Society Ltd.	50	5	0.00	50	5	0.00
Narmada Clean Tech Limited	10	822,542	8.23	10	822,542	8.23
Woodlands Multispeciality Hospital Limited	10	2,180	0.02	10	2,180	0.02
Debenture/Bonds, Fully Paid (Quoted)						
8.5% National Highway Authority of India	—	—	—	1,000	100,000	117.95
8.68% National Housing Bank	—	—	—	5,000	10,000	59.78
8.75% National Highway Authorities of India	1,000	40,000	49.93	1,000	40,000	49.00
Total Investments at Fair Value through OCI			**64.89**			**241.02**
Investments at Fair Value through PL						
Preference Shares, Fully Paid (Quoted)						
16.06% Infrastructure Leasing & Financial Services Ltd.	7,500	4,000	58.00	7,500	4,000	57.63
Mutual Funds (Quoted)						
HDFC FMP 3360 Days-Sr.30-Regular-Growth	10	5,000,000	65.19	10	5,000,000	61.54
ICICI Prudential Discovery Fund-Dividend Reinvest	10	363,701	10.47	10	1,814,767	52.53
ICICI Prudential Regular Income Fund	10	845,255	14.82	10	845,255	13.85
HDFC Midcap Opportunities Fund - Dividend Reinvest	10	412,969	12.83	10	412,969	12.61
Reliance Vision Fund-Dividend	10	90,879	3.75	10	90,879	3.83
Reliance Equity Opportunities Fund-Dividend Reinvest	10	99,095	2.80	10	99,095	2.91
Reliance Dynamic Bond Fund Growth	10	635,272	14.73	10	635,272	14.20
IDFC Dynamic Bond Fund -Growth	10	372,926	7.70	10	372,926	7.52
Franklin India Govt. Security Fund - Long - Growth	10	372,394	14.52	10	372,394	14.41
Franklin India Blue chip Fund-Dividend	10	262,533	10.13	10	262,533	10.45
Templeton India Growth Fund - Dividend	10	184,955	12.64	10	184,955	12.40
Alternative Investment Fund (Unquoted)						
IIFL Real Estate Fund (Domestic) Sr.1	—	—	—	16	485,955	7.79
IIFL Real Estate Fund (Domestic) Sr.2	8	9,313,812	78.38	10	9,313,812	100.92
IIFL Real Estate Fund (Domestic) Sr.3	9	5,365,000	55.43	10	10,000,000	106.02
IIFL Income Opportunities Fund	—	—	—	1	9,936,715	6.53
IIFL Income Opportunities Fund Series-Special Situations	5	4,776,976	34.59	8	4,776,976	45.89
IIFL Seed Venture Fund	10	2,279,590	35.99	10	1,663,948	23.62
ICICI Prudential Real Estate AIF-II	100	373,935	41.73	100	373,935	40.65
Chiratae Trust	100,000	75	6.63	100,000	40	3.25
Equity Fund (Unquoted)						
IIFL Assets Revival Fund 2	10	4,523,997	63.51	10	4,523,997	59.68
IIFL National Development Agenda Fund	—	—	—	8	4,922,035	61.62
Total Investments at Fair Value through PL			**543.84**			**719.85**
Total Non Current Investments (A)			**608.73**			**960.87**

Notes to the Consolidated Financial Statements

(Rs. in million)

	31st March 2018			31st March 2017		
	Face Value Rs.	Nos.	Amount	Face Value Rs.	Nos.	Amount
(B) Current Investments:						
Investments at Fair Value through PL						
Mutual Funds (Unquoted)						
BSL Floating Rate Fund-STP-Growth	—	—	—	100	142,507	30.82
Franklin India Ultra Short Bond Fund-Super Ins.-Growth	10	824,689	19.84	10	460,987	10.26
Total Investments at Fair Value through PL			**19.84**			**41.08**
Total Current Investments (B)			**19.84**			**41.08**

	Non- Current	Current	Non- Current	Current
Aggregate book value of quoted investments	284.11	—	496.54	—
Aggregate market value of quoted investments	284.11	—	496.54	—
Aggregate value of unquoted investments	324.62	19.84	464.33	41.08

Notes to the Consolidated Financial Statements

7 : Loans

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
(Unsecured considered good) Other Loans				
Loan to Employees	0.95	1.33	0.64	1.26
Loan to Others	—	—	—	—
Total Loans	**0.95**	**1.33**	**0.64**	**1.26**

8 : Other Financial Assets

(Unsecured considered good) Security Deposits	19.37	2.24	22.52	1.00
Interest and Dividend Receivable	—	10.65	—	34.72
Interest and Fees receivable from Related Parties	—	—	—	—
Total Other Financial Assets	**19.37**	**12.89**	**22.52**	**35.72**

9 : Other Assets

(a) Capital Advances	11.03	—	39.93	—
(b) Advances other than Capital Advances				
(i) Other Advances	63.16	70.40	0.42	65.85
(ii) Export Benefits and Claims Receivable	—	118.94	—	123.62
(iii) Balance with Government Authorities	—	276.94	—	210.82
Total Other Assets	**74.19**	**466.28**	**40.35**	**400.29**

10 : Inventories

(At lower of cost and net realisable value) Raw Materials	878.49	630.02
Raw Materials in transit	80.45	—
Work-in-Progress	125.28	113.66
Finished Goods	242.46	229.28
Stores & Spare Parts	86.96	55.99
Total Inventories	**1,413.64**	**1,028.95**

11 : Trade Receivables

Unsecured, considered good	1,376.57	1,144.10
Doubtful	9.44	7.78
Less : Allowance for doubtful receivables	9.44	7.78
Total Trade Receivables	**1,376.57**	**1,144.10**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12A : Cash and Cash Equivalent

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
Balances with Banks				
On Current Accounts		89.98		156.06
Remittance in Transit		16.70		—
Cash on hand		2.80		1.37
Total Cash and Cash equivalent		**109.48**		**157.43**

12B : Other Bank Balances

Earmarked balances with Banks (Unpaid Dividend Account)		5.64		5.34
Bank Deposits (held as security)		353.43		370.15
Total Other Bank Balances		**359.07**		**375.49**

13 : Current Tax Assets

Income Tax Payments and Tax Deducted at Source less Provision		192.34		195.12
Total Current Tax Assets		**192.34**		**195.12**

14 : Equity Share Capital

(Rs. in million)

	31st March 2018		31st March 2017	
	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
(b) Issued, Subscribed and Fully Paid				
Equity Shares of Rs. 5 each	43,693,333	218.47	43,693,333	218.47
Add: Forfeited Shares (Amount paid up)		0.02		0.02
Total		**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.

(d) Shares held by holding company

(Rs. in million)

	31st March 2018		31st March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Vardhan Limited	26,190,872	130.95	26,133,872	130.67

Notes to the Consolidated Financial Statements

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

(Rs. in million)

Name of the Shareholder	31st March 2018		31st March 2017	
	No. of Shares	% holding	No. of Shares	% holding
Vardhan Limited	26,190,872	59.94	26,133,872	59.81
R V Investment & Dealers Limited	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.

15 : Other Equity

(Rs. in million)

	31st March 2018		31st March 2017	
Capital Reserve				
As per last Balance Sheet		34.17		34.17
Capital Redemption Reserve				
As per last Balance Sheet		72.69		72.69
Securities Premium Reserve				
As per last Balance Sheet		161.50		161.50
Special Reserve				
As per last Balance Sheet	29.84		27.80	
Add : Transfer from Retained Earnings	1.83	31.67	2.04	29.84
Retained Earnings				
As per last Balance Sheet	5,488.37		5,534.67	
Add : Profit for the year	140.48		(147.75)	
Add : Actuarial gain/(loss) on defined benefit obligation	(0.86)		(4.26)	
Add : Foreign Currency Translation adjustment	(7.67)		186.63	
Less : Transfer to Special Reserve	(1.83)		(2.04)	
Less : Dividend	(65.54)		(65.54)	
Less : Dividend Distribution Tax	(13.34)	5,539.61	(13.34)	5,488.37
Foreign Currency Translation Reserve				
As per last Balance Sheet	(239.79)		(48.16)	
Add : Foreign Currency Translation adjustment	47.85	(191.94)	(191.63)	(239.79)
Other Comprehensive Income (OCI)				
As per last Balance Sheet	35.34		27.50	
Add : Movement in OCI (Net) during the year	(22.24)	13.10	7.84	35.34
Total Other Equity		**5,660.80**		**5,582.12**

Notes to the Consolidated Financial Statements

16 : Borrowings

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
Secured				
Term Loan				
From Bank[1]	2,595.01	462.50	2,314.43	303.67
Loans Repayable on Demand				
From Banks[2]		1,107.58		424.40
Buyer's Credit				
From Banks[2]		234.10		255.41
Unsecured				
Term Loans				
From Banks			342.05	90.80
Loans Repayable on Demand				
From Banks				36.28
Commercial Papers				400.00
	2,595.01	**1,804.18**	**2,656.48**	**1,510.56**
Amount Disclosed under Other Financial Liabilities (Refer Note 17)	—	(462.50)	—	(394.47)
Total Borrowings	**2,595.01**	**1,341.68**	**2,656.48**	**1,116.09**

[1] Term Loan of Rs. 328.19 million secured by Fixed Deposits, of Rs. 1801.89 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, of Rs. 711.33 million secured by Land & Building of APAG Elektronik s.r.o., Czech Republic and Rs. 216.10 million secured by Plant & Machinery of APAG Elektronik s.r.o., Czech Republic

[2] Loan of Rs. 683.48 million secured by hypothecation of Current Assets of the Company, of this Rs. 70.01 million additionally secured by movable fixed assets of Ankleshwar plant, Loan of Rs. 253.82 million secured by whole of the assets and properties of Kanoria Africa Textiles Plc, Ethiopia and Loan of Rs. 404.38 million secured by Inventories and Trade Receivables of APAG Elektronik s.r.o., Czech Republic

	Less than 1 year	1 to 5 year	Over 5 Year
Maturity Profile of Long Term Loans	**462.50**	**1,423.99**	**1,171.02**

17 : Other Financial Liabilities

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
Current Maturities of Long Term Debts (Refer Note 16)	—	462.50	—	394.47
Interest Accrued	—	41.97	—	53.23
Security Deposits	—	5.94	—	5.13
Liabilities for Capital Goods	—	19.06	—	69.95
Leasehold Land Obligations Payable	37.93	3.94	45.75	4.74
Unpaid Dividend	—	5.65	—	5.34
Employee related liabilities	—	58.01	—	61.85
Other liabilities	11.25	145.16	14.85	115.43
Total Other Financial Liabilities	**49.18**	**742.23**	**60.60**	**710.14**

Notes to the Consolidated Financial Statements

18 : Provisions

(Rs. in million)

	31st March 2018		31st March 2017	
	Non-Current	Current	Non-Current	Current
Provision for Gratuity	63.98	10.85	57.66	10.08
Provision for Accrued Leave	—	61.07	—	40.06
Total Provisions	**63.98**	**71.92**	**57.66**	**50.14**

19 : Income Tax

A. Deferred Tax

The major components of deferred tax liabilities/assets arising on account of timing differences (net of foreign exchange fluctuation) are as follows:

	1st April 2017	Profit & Loss (Net)	OCI (Net)	31st March 2018
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	681.76	53.41	—	735.17
Fair Value of Investments	10.34	1.30	(3.12)	8.52
Others	0.48	(0.48)	—	—
Deferred Tax Assets				
MAT Credit Entitlement	133.75	21.17	(0.27)	154.65
Unabsorbed Business Losses/Depreciation	3.16	68.24	—	71.40
Expenses relating to Retirement Benefits	28.99	2.72	0.46	32.17
MTM Adjustment on Forward Contracts	2.74	2.85	—	5.59
Others	—	0.25	—	0.25
Net Deferred Tax Liabilities	**523.94**	**(41.00)**	**(3.31)**	**479.63**

	1st April 2016	Profit & Loss (Net)	OCI (Net)	31st March 2017
Deferred Tax Liability				
Timing Difference on PPE & Intangible Assets	677.22	4.54	—	681.76
Fair Value of Investments	4.95	4.58	0.81	10.34
Others	1.35	(0.87)	—	0.48
Deferred Tax Assets				
MAT Credit Entitlement	18.90	114.85	—	133.75
Unabsorbed Business Losses/Depreciation	—	3.16	—	3.16
Expenses relating to Retirement Benefits	24.91	1.83	2.25	28.99
MTM Adjustment on Forward Contracts	1.87	0.87	—	2.74
Net Deferred Tax Liabilities	**637.84**	**(112.46)**	**(1.44)**	**523.94**

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

	31st March 2018	31st March 2017
Profit before income tax	**96.36**	**(316.65)**
At India's statutory Income tax rate of 34.608%	33.35	(109.59)
Tax effect on non-deductible expenses	0.13	20.20
Effect of income exempt from tax	(14.10)	(31.17)
Effect of income taxed at special rate	1.56	(4.05)
Effect of loss on which no tax benefit available	(40.26)	144.81
Tax expense for earlier years	—	(0.04)
MAT credit entitlement for earlier years	—	(99.87)
Tax expenses reported in the statement of profit and loss	**(19.32)**	**(79.71)**

Notes to the Consolidated Financial Statements

20 : Trade Payable

(Rs. in million)

	31st March 2018	31st March 2017
Trade Payable		
Total outstanding dues of Micro and Small Enterprises	—	—
Total outstanding dues of creditors other than Micro and Small Enterprises	1,284.61	914.11
Total Trade Payables	**1,284.61**	**914.11**

Note : There are no Micro, Small & Medium Enterprises to whom the Group owes dues, which are outstanding for more than 45 days as at 31st March, 2018. 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

	31st March 2018	31st March 2017
Statutory Liabilities	183.36	82.56
Customers' Credit Balances	26.73	32.86
Total Other Current Liabilities	**210.09**	**115.42**

22 : Revenue from Operations

	31st March 2018	31st March 2017
(a) Sale of Products		
Manufactured products	8,351.61	7,151.66
Traded products	13.46	31.40
Total Sale	**8,365.07**	**7,183.06**
(b) Other Operating Revenues		
Miscellaneous Sales	48.80	36.27
Renewal Energy Certificate benefits	9.57	93.12
Incentives	11.30	23.83
Others	13.46	1.08
Total Other Operating Revenues	**83.13**	**154.30**
Total Revenue from Operations (Refer note 33)	**8,448.20**	**7,337.36**

23 : Other Income

	31st March 2018	31st March 2017
Interest Income		
On Investments	25.71	40.80
From Others	35.09	32.37
Dividend Income	10.88	14.40
Gain on Sale of Investments classified as FVTPL (Net)	10.83	18.97
Gain on sale of Debt Securities classified as FVTOCI	2.64	—
Gain on reclassification of FVTOCI Debt Securities	29.25	5.29
Fair value gain on Financial Instruments classified as FVTPL (Net)	16.59	66.81
Profit on Fixed Assets sold/discarded (Net)	26.53	—
Rent Income	2.14	1.65
Foreign Exchange Rate Fluctuation (Net)	280.50	48.09
Other Non Operating Income	14.03	29.91
Total Other Income	**454.19**	**258.29**

Notes to the Consolidated Financial Statements

24 : Employee Benefits Expense

(Rs. in million)

	31st March 2018	31st March 2017
Salaries, Wages, Bonus & Gratuity etc. (including payments to Contractors)	1,095.83	1,036.41
Contribution to Provident Fund	158.65	137.66
Staff Welfare Expenses	48.94	65.14
Total Employee Benefits Expense	**1,303.42**	**1,239.21**

25 : Finance Costs

	31st March 2018	31st March 2017
Interest expense	199.33	188.22
Exchange difference regarded as an adjustment to Borrowing Cost	26.15	—
Bank/Finance charges	12.46	13.70
Total Finance Cost	**237.94**	**201.92**

26 : Other Expenses

	31st March 2018	31st March 2017
Consumption of Stores & Spare parts etc.	94.82	109.95
Other Manufacturing Expenses	95.38	207.82
Power & Fuel	311.92	284.42
Repairs to -		
Plant & Machinery	49.32	51.00
Buildings	6.48	2.47
Others	16.11	14.83
Water Charges & Cess	20.64	19.29
Rates & Taxes	13.72	15.51
Rent	52.98	58.12
Insurance	26.08	22.08
Legal and Professional Charges	86.47	67.71
Miscellaneous Expenses	124.19	134.15
CSR Expenditure	1.82	2.31
Foreign Exchange Rate Fluctuation	—	30.77
Commission & Brokerage to Others	20.28	14.41
Freight, Handling & Other Charges	91.73	72.22
Directors' Fees	1.64	1.54
Travelling Expenses	43.19	48.49
Charity & Donations	0.10	0.17
Sales Tax (net)	0.15	1.16
Directors' Remuneration	25.64	22.45
Provision for bad & doubtful Debts & Advances (net)	1.01	(2.24)
Unrealized Debts and Claims written off	16.46	4.27
Loss on Fixed Assets sold/discarded (Net)	—	2.63
Payment to Auditors	6.74	4.48
Fair Value Loss on Foreign Exchange Forward Contracts	1.24	10.20
Total Other Expenses	**1,108.11**	**1,200.21**

Notes to the Consolidated Financial Statements

Additional Information regarding Payment to Auditors

(Rs. in million)

	31st March 2018	31st March 2017
(a) Statutory Auditors		
Audit Fees	4.07	3.00
For Certificates & Others	2.24	1.07
For Travelling and out of pocket expenses	0.27	0.16
(b) Cost Auditors		
Audit Fees	0.15	0.15
For Travelling and out of pocket expenses	0.01	0.10
Total payment to Auditors	**6.74**	**4.48**

27 : Exceptional Item

	31st March 2018	31st March 2017
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)

	31st March 2018	31st March 2017
A. Items that will not be reclassified to Profit or Loss(PL) -		
1. Actuarial Gain/(Loss) on Defined Benefit Obligation	(1.32)	(6.51)
Current Tax	0.27	—
MAT Credit Entitlement	(0.27)	—
Income Tax Effect	0.46	2.25
2. Net Gain/(Loss) on FVTOCI Equity Securities	0.67	1.31
Income Tax Effect	0.12	—
Net OCI not to be reclassified to PL	**(0.07)**	**(2.95)**
B. Items that will be reclassified to Profit or Loss (PL)-		
1. Net Gain/(Loss) on FVTOCI debt securities	3.22	12.63
Income Tax Effect	(0.37)	(1.42)
2. (Gain)/Loss transferred to PL upon Recycling of FVTOCI debt Instruments	(29.25)	(5.29)
Income Tax Effect	3.37	0.61
Net OCI to be reclassified to PL	**(23.03)**	**6.53**
Other Comprehensive Income for the year, net of tax	**(23.10)**	**3.58**

29 : Earnings per Share (EPS)

	31st March 2018	31st March 2017
Details for calculation of Basic and Diluted Earning per Share:		
Profit after tax as per Statement of Profit and Loss	140.48	(147.75)
Weighted average number of equity share (Numbers)	43,693,333	43,693,333
Basic and diluted earning per share (Rs.)	3.22	(3.38)

Notes to the Consolidated Financial Statements

30 : Commitments and Contingencies

(Rs. in million)

	31st March 2018	31st March 2017
(i) Contingent Liabilities		
(a) Claims/Disputed Liabilities not acknowledged as Debt		
Excise Duty Demands (paid Rs. 6.54 million)	13.13	17.84
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)	5.56	4.19
(b) Outstanding Bank Guarantees	31.94	35.99
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	11.86	163.13
Advance paid	11.03	39.93
Uncalled Liability on Investments	15.50	28.00

31 : Distribution Proposed:

	31st March 2018	31st March 2017
Proposed dividends on Equity shares: Final cash dividend for the year ended on 31 March 2018: INR 1.5 per share (31 March 2017: INR 1.5 per share)	65.54	65.54
DDT on proposed dividend	13.47	13.34
	79.01	**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 2018.

Notes to the Consolidated Financial Statements

32 : Segment Information

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

(Rs. in million)

Business Segment	Year ended 31st March 2018						Year ended 31st March 2017					
	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Others	Total	Alco Chemicals	Solar Power	Electronic Automotive	Textile	Others	Total
Segment Revenue Revenue from operations (Refer note no.33)	3,422.90	45.24	4,152.10	827.96	-	8,448.20	3,146.79	126.92	3,614.55	449.10	-	7,337.36
Segment Result	65.25	(4.43)	150.33	36.81	10.89	258.85	165.20	68.33	18.83	(276.41)	19.19	(4.86)
Less: (i) Finance Cost						237.94						201.92
(ii) Exceptional items						-						184.17
(iii) Other Un-allocable expenditure net off Un-allocable income						(75.45)						(74.31)
Profit before Tax						96.36						(316.65)
Tax Expense						(19.32)						(79.71)
Net Profit:						**115.68**						**(236.94)**
Segment Assets	4,749.61	346.94	2,849.56	3,120.68	145.55	11,212.34	4,461.48	376.26	2,033.14	3,102.35	136.41	10,109.64
Un-allocable Corporate Assets						1,565.67						1,985.07
Total Assets:						12,778.01						12,094.71
Segment Liabilities	567.48	8.94	2,280.14	2,389.95	-	5,246.51	389.00	5.08	1,696.96	2,495.80	-	4,586.84
Un-allocable Corporate Liabilities						1,591.82						1,617.74
Total Liabilities:						6,838.33						6,204.58
Other Diclosures												
Capital Expenditure	429.06	-	283.24	46.34	-	758.64	294.16	0.06	143.61	27.78	-	465.61
Un-allocable Capital Expenditure						4.53						8.37
Total Capital Expenditure:						763.17						473.98
Depreciation & Amortization	168.79	34.08	165.41	88.83	-	457.11	154.43	41.18	158.67	91.56	-	445.84
Un-allocable Depreciation						9.01						8.71
Total Depreciation & Amortization:						**466.12**						**454.55**

(B) Secondary Segment information

(Rs. in million)

	Year ended 31st March 2018			Year ended 31st March 2017		
Geographical Segment ====>	India	Rest of the World	Total	India	Rest of the World	Total
Segment Revenue	3,331.98	5,116.22	8,448.20	3,124.13	4,213.23	7,337.36
Segment Assets	6,797.52	5,980.49	12,778.01	6,900.82	5,193.89	12,094.71
Segment Liabilities	2,160.86	4,677.47	6,838.33	2,011.82	4,192.76	6,204.58
Capital Expenditure	433.59	329.58	763.17	302.59	171.39	473.98

(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.

Notes to the Consolidated Financial Statements

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.

33 : Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July 2017, Central Excise, Value Added Tax (VAT) etc. have been subsumed into GST. In accordance with Indian Accounting Standard - 18 on Revenue and Schedule III of the Companies Act, 2013, unlike Excise duties, levies like GST, VAT etc. are not part of Revenue. Accordingly, the figures of Revenue from Operation and Segment Revenue of Alco Chemicals for the Year ended 31st March, 2018 are not comparable with the previous year.

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. 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.

(Rs. in million)

	31st March 2018	31st March 2017
	Gratuity	Gratuity
1. Change in the Present Value of Obligation		
- Present Value of Obligation as at the beginning	**67.74**	**58.10**
- Current Service Cost	4.17	3.64
- Interest Expense or Cost	5.01	4.53
- Actuarial (gains) / losses arising from:		
change in financial assumptions	(0.84)	1.43
experience variance	2.16	5.07
- Benefits paid	(3.41)	(5.03)
- Present Value of Obligation as at the end	**74.83**	**67.74**
2. Expenses recognised in the Statement of Profit & Loss		
- Current Service Cost	4.17	3.64
- Interest Expense or Cost	5.01	4.53
Total	**9.18**	**8.17**
3. Other Comprehensive Income		
- Actuarial (gains) / losses arising from:		
change in financial assumptions	(0.84)	1.43
experience variance	2.16	5.07
Total	**1.32**	**6.50**
4. Actuarial Assumptions		
(a) Financial Assumptions		
Discount rate (per annum)	7.60%	7.40%
Salary growth rate (per annum)	7.00%	7.00%
(b) Demographic Assumptions		
Mortality rate (% of IALM 06-08)	100.00%	100.00%
Attrition/Withdrawal rates, based on age: (per annum)		
up to 44 years	2.00%	2.00%
above 44 years	1.00%	1.00%

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:

(Rs. in million)

Particulars	31st March 2018	31st March 2017
Discount rate increase by 1%	(70.99)	(64.30)
Discount rate decrease by 1%	79.15	71.65
Salary Growth rate increase by 1%	79.13	71.63
Salary Growth rate decrease by 1%	(70.94)	(64.25)

6. Maturity Profile of Defined Benefit Obligation

Weighted average duration (based on discounted cash flow)		5 Years
Expected cash flow over the next (valued on undiscounted basis)		
1 year		10.85
2 to 5 year		43.69
6 to 10 year		26.57
More than 10 year		46.74

7. In respect of Provident Fund in the nature of defined benefit plans contribution amounting to Rs. 2.92 million (Previous year Rs. 2.55 million) and the accrued past service liability of Rs. Nil (Previous year Rs. Nil) as valued by the actuary using Projected Unit Credit Method is recognised as expenses and included in "Employee Benefits Expense".

8. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

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. 158.65 million (previous year Rs. 137.66 million).

Notes to the Consolidated Financial Statements

35. The list of subsidiaries which are included in the Consolidated Financial Statements of the Kanoria Chemicals & Industries Limited and its effective ownership interest therein are as under:

Name of the Company	Relationship	Country of Incorporation	Ownership Interest	
			2017-2018	2016-2017
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, 2018 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	
			2017-2018	2016-2017
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. (up to 4th March, 2018)	Subsidiary	Mexico	100%	100%
APAG Services S. De R.L. De C.V. (up to 4th March, 2018)	Subsidiary	Mexico	100%	100%
APAG Elektronik Corp. (w.e.f.13th February, 2018)	Subsidiary	Canada	100%	—

36. Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiaries.

Name of the Enterprises	Net assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in total Comprehensive Income	
	2017-18		2017-18		2017-18		2017-18	
	As % of consolidated net assets	Amount Rs in millions	As % of consolidated profit or loss	Amount Rs in millions	As % of consolidated other comprhensive Income	Amount Rs in millions	As % of Total Comprehensive Income	Amount Rs in millions
Parent								
Kanoria Chemicals & Industries Limited	75.15%	4,463.88	5.89%	6.81	-103.18%	(23.84)	-18.39%	(17.03)
Subsidiaries								
Indian								
Pipri Limited	2.96%	175.65	9.89%	11.44	3.18%	0.73	13.16%	12.18
Foreign								
Kanoria Africa Textiles PLC	11.29%	670.34	-52.34%	(60.54)	—	—	-65.40%	(60.54)
APAG Holding AG (Consolidated)	9.59%	569.42	158.00%	182.77	—	—	197.43%	182.77
Minority interest in all subsidiaries	1.02%	60.39	-21.44%	(24.80)	—	—	-26.79%	(24.80)

Notes to the Consolidated Financial Statements

Name of the Enterprises	Net assets i.e. Total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	2016-17		2016-17		2016-17		2016-17	
	As % of consolidated net assets	Amount Rs. in millions	As % of consolidated profit or loss	Amount Rs. in millions	As % of consolidated other comphrehensive Income	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

37 : Category-wise classification of Financial Instruments

(Rs. in million)

	Refer Note	Non-Current		Current	
		31st March 2018	31st March 2017	31st March 2018	31st March 2017
Financial Assets					
Measured at amortised cost					
Trade Receivables	11	—	—	1,376.57	1,144.10
Cash and cash equivalents	12A	—	—	109.48	157.43
Other Bank balances	12B			359.07	375.49
Loans	7	0.95	0.64	1.33	1.26
Other Financial Assets	8	19.37	22.52	12.89	35.72
Measured at fair value through profit or loss					
Investments	6A & B	543.84	719.85	19.84	41.08
Measured at fair value through other comprehensive income					
Investments	6A	64.89	241.02	—	—
Total Financial Assets		**629.05**	**984.03**	**1,879.18**	**1,755.08**
Financial Liabilities					
Measured at amortised cost					
Borrowings	16	2,595.01	2,656.48	1,341.68	1,116.09
Trade Payables	20	—	—	1,284.61	914.11
Other Financial Liabilities	17	37.93	45.75	736.19	707.11
Measured at fair value through profit or loss					
Other Financial Liabilities	17	11.25	14.85	6.04	3.03
Total Financial Liabilities		**2,644.19**	**2,717.08**	**3,368.52**	**2,740.34**

38 : Fair Value Measurements of Financial Instruments

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

(Rs. in million)

Financial assets/financial liabilities	Fair value hierarchy as at 31st March 2018			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)	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	58.00	—	—	57.63	—	—
Quoted Mutual funds	169.58	—	—	206.25	—	—
Unquoted Mutual funds	—	19.84	—	—	41.08	—
Unquoted Alternate Investment funds	—	252.75	—	—	334.66	—
Unquoted Equity funds	—	63.51	—	—	121.30	—
Financial assets measured at fair value through other comprehensive income						
Quoted Equity Shares	6.60	—	—	5.93	—	—
Unquoted Equity Shares	—	—	8.36	—	—	8.36
Quoted Debentures/Bonds	49.93	—	—	226.73	—	—
Financial liabilities measured at fair value through profit or loss						
Forward Exchange contract (Net)	17.29	—	—	17.88	—	—

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 anticipate 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.

(Rs. in million)

	31st March 2018						31st March 2017					
	USD	INR	EURO	INR	JPY	INR	USD	INR	EURO	INR	SGD	INR
Foreign Currency Receivable/ (Payable) (Net)	3.41	222.12	2.55	205.69	(12.00)	(7.38)	5.27	341.85	2.67	184.77	(2.12)	(98.21)
Depreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		11.11		10.28		(0.37)		17.09		9.24		(4.91)
Appreciation in Indian Rupees		5%		5%		5%		5%		5%		5%
Effect on Profit before Tax		(11.11)		(10.28)		0.37		(17.09)		(9.24)		4.91

Total hedged foreign currency payable (net)- USD 0.83 million equivalent to Rs. 54.20 million (Previous year USD 1.00 million equivalent to Rs. 64.84 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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:

(Rs. in million)

	31st March 2018		31st March 2017	
Consumption of Methanol	1,807.21		1,395.35	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	(90.36)	90.36	(69.77)	69.77

(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.

(Rs. in million)

	31st March 2018		31st March 2017	
Investment	429.20		610.22	
Price change	+5%	-5%	+5%	-5%
Effect on Profit before Tax	21.46	(21.46)	30.51	(30.51)

(ii) Credit risks

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

(Rs. in million)

	Less than 1 year	1 to 5 years	Over 5 years	Total	Carrying value
As at 31st March, 2018					
Borrowings (refer note 16)	1,804.18	1,423.99	1,171.02	4,399.19	4,399.19
Trade payable (refer note 20)	1,284.61	—	—	1,284.61	1,284.61
Other financial liabilities (refer note 17)	279.74	27.04	118.41	425.19	328.91
As at 31st March, 2017					
Borrowings (refer note 16)	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 17)	315.68	33.82	147.08	496.58	376.27

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 : 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. A. V. Kanoria	Relative of KMP
12. Mrs. V. Kanoria	
13. KPL International Limited	Enterprise over which KMP exercises significant influence
14. Kanoria Employees' Provident Fund Trust	Post Employment Benefit Plan entity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Transaction with related parties:

(Rs. in million)

Nature of Transaction	2017-18				2016-17			
	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
Dividend Paid								
Vardhan Limited	39.29	—	—	—	39.20	—	—	—
Mr. R. V. Kanoria	—	0.69	—	—	—	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	—	—	—	0.29	—	—
Mr. H.K. Khaitan	—	0.36	—	—	—	0.32	—	—
Mr. Ravinder Nath	—	0.19	—	—	—	0.17	—	—
Mr. G. Parthasarathy	—	0.26	—	—	—	0.17	—	—
Mr. S. L. Rao	—	0.18	—	—	—	0.16	—	—
Mr. A. Vellayan	—	0.10	—	—	—	0.05	—	—
Mrs. M. Kanoria	—	0.21	—	—	—	0.21	—	—
Remuneration								
Mr. R. V. Kanoria	—	18.08	—	—	—	14.70	—	—
Mr. S. V. Kanoria	—	7.56	—	—	—	5.16	—	—
Mr. T. D. Bahety	—	—	—	—	—	2.59	—	—
Mrs. V. Kanoria	—	2.92	—	—	—	2.66	—	—
Mr. A. V. Kanoria	—	18.26	—	—	—	12.48	—	—
Purchases of Raw Material KPL International Limited	—	—	156.38	—	—	—	65.74	—
Purchases of Fixed Assets KPL International Limited	—	—	78.02	—	—	—	6.77	—
Commission Paid KPL International Limited	—	—	2.06	—	—	—	2.43	—
Rent received KPL International Limited	—	—	0.60	—	—	—	0.58	—
Contribution during the year (includes Employees' share and contribution) Kanoria Employees' Provident Fund Trust	—	—	—	6.59	—	—	—	5.76
Balances as at 31st March								
Remuneration Mrs. V. Kanoria	—	0.29	—	—	—	0.26	—	—
Creditor KPL International Limited	—	—	39.90	—	—	—	30.39	—

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

Signature to Note 1 to 42

For and on behalf of the Board,

As per our report of even date annexed
For JITENDRA K AGARWAL & ASSOCIATES
Chartered Accountants
Firm Registration No.318086E

ABHISHEK MOTHA
Partner
Membership No. 066653

AMITAV KOTHARI
Director
(DIN:01097705)

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

Place: New Delhi
Date: 18th May, 2018

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

Notes to the Consolidated Financial Statements

FORM AOC-1: Statement containing Salient Features of Financial Statements of Subsidiary/Associates/Joint Ventures for the year ended 31st March, 2018, pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

PART "A" : Subsidiaries

(Rs. in million)

Name of Subsidiaries		Pipri Limited	Kanoria Africa Textiles Plc	APAG Holding AG (Consolidated)
Country of incorporation		India	Ethiopia	Switzerland
The Date since when subsidiary was acquired		21.09.1978	23.07.2012	02.05.2012
Principal Business Activities		Investments	Textile	Electronic Automotive
Reporting Currency		INR	USD	CHF
Exchange Rate as on 31.3.2018			Rs. 65.0441	Rs. 68.2932
(a)	Equity Share Capital	46.51	936.63	20.49
(b)	Other Equity	129.14	(653.32)	65.32
(c)	Total Assets	176.53	3,120.68	2,878.18
(d)	Total Liabilities	0.88	2,837.37	2,792.37
(e)	Investments*	175.10	—	—
(f)	Turnover	11.11	827.96	4,152.10
(g)	Profit/(Loss) before Taxation	10.89	(116.34)	119.41
(h)	Provision for Taxation	(0.55)	—	(45.17)
(i)	Profit/(Loss) after Taxation	11.44	(116.34)	164.58
(j)	Other comprehensive income for the year, net of tax	0.73	—	—
(k)	Total comprehensive income for the year	12.17	(116.34)	164.58
(l)	Proposed Dividend	—	—	—
(m)	% of Shareholding	100.00%	78.68%	100.00%

* Excluding Investment in Subsidiaries

Name of subsidiaries which have been liquidated during the year:
1. APAG Elektronik S. De. R.L. De C.V. (Subsidiary of APAG Holding AG)
2. APAG Services S. De. R.L. De C.V. (Subsidiary of APAG Holding AG)

PART "B" : Associates/Joint Ventures - Not Applicable

For and on behalf of the Board,

AMITAV KOTHARI
Director
(DIN:01097705)

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

Place: New Delhi
Date: 18th May, 2018

N. K. NOLKHA
Group Chief Financial Officer

N. K. SETHIA
Company Secretary

Registered Office
Kanoria Chemicals & Industries Limited
'Park Plaza' , 71 Park Street, Kolkata - 700 016
Tel: +91-33-22499472, 22499473, 22499474
Fax: +91-33-22499466
Email: info@kanoriachem.com

Kanoria Chemicals & Industries Limited

KANORIA CHEMICALS & INDUSTRIES LIMITED

CIN: L24110WB1960PLC024910
Registered Office: "Park Plaza", South Block, 7th Floor, 71, Park Street, Kolkata – 700 016
Phone: (033) 4031 3200, Fax: (033) 4031 3220
Email: investor@kanoriachem.com, Website: www.kanoriachem.com

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Fifty Eighth Annual General Meeting of the Members of **Kanoria Chemicals & Industries Limited will be held at Shripati Singhania Hall in Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 (near to Nehru Children Museum), on Thursday, the 13th September 2018 at 3.00 P. M.** for the transaction of the following business(es):

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31st March 2018 and the Reports of the Board of Directors and Auditors thereon.

2. To declare Dividend on Equity Shares for the financial year ended 31st March 2018.

3. To appoint a Director in place of Shri S.V. Kanoria (DIN: 02097441), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:

4. As an Ordinary Resolution

"**RESOLVED** that pursuant to Sections 149, 150, 152, read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Sidharth Kumar Birla (DIN: 00004213), who was appointed as an Additional Director of the Company with effect from 18th May, 2018 by the Board of Directors in terms of Section 161 of the Act and holds office up to the date of the 58th Annual General Meeting of the Company and, who has submitted declaration that he meets the criteria for independence as provided in Section 149 of the Act and the Listing Regulations and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of 5 consecutive years with effect from 18th May, 2018."

5. As a Special Resolution

"**RESOLVED** that pursuant to Sections 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Articles of Association of the Company, and on the recommendation of the Nomination and Remuneration Committee and the approval of the Board of Directors, consent of the Company be and is hereby accorded to the re-appointment of Shri R.V. Kanoria (DIN 00003792) as the Managing Director of the Company, for a period of further three years with effect from 10th January, 2018, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee at its Meeting held on 14th November, 2017 and as set out in the Agreement dated 16th December 2017, entered into between the Company and Shri R.V. Kanoria, Managing Director, more explicitly set out in the explanatory statement, with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration, from time to time, during his tenure of appointment in such manner as may be agreed to between the Board of Directors and Shri R.V. Kanoria, subject to the same being in accordance and within the limits specified in Schedule V and other applicable provisions of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof as may be applicable at the relevant time."

"**RESOLVED FURTHER** that in the event of no profits or inadequacy of profits in any financial year during the currency of tenure of office of Shri R.V. Kanoria, the Company will pay him, in respect of such financial year, minimum remuneration subject to the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof as may be applicable at the relevant time."

"**RESOLVED FURTHER** that the Board of Directors be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution and all acts, done by and with the authority of the Board of Directors of the Company in this matter be and are hereby also confirmed and ratified."

6. As an Ordinary Resolution

"**RESOLVED** that pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force), the remuneration of Rs. 1,45,000/- (Rupees One Lakh Forty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred by them in the course of cost audit and payable to M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), appointed as the Cost Auditors by the Board of Directors of the Company on the recommendation of the Audit Committee, for conducting the audit of the cost records of the Company for the financial year ending on 31st March 2019, be and is hereby ratified and confirmed."

"**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 18th May 2018

By Order of the Board of Directors

N. K. Sethia
Company Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The Instrument appointing the Proxy, in order to be effective, should be duly completed, stamped, dated and signed and deposited at the Registered Office of the Company or the Registrar & Share Transfer Agent, C. B. Management Services Pvt. Limited, P- 22, Bondel Road, Kolkata – 700 019, not less than 48 hours before commencement of the Annual General Meeting (AGM).**

   A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total Share Capital of the Company carrying voting rights. A Member holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as a proxy for any other person or shareholder.

   The proxy holder shall prove his identity at the time of attending the Meeting.

2. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to Special Business set out in the Notice is annexed hereto.

3. Corporate Members are requested to send to the Company/Registrar & Share Transfer Agent, a duly certified copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 / Power of Attorney authorising their representative to attend and vote at the AGM.

4. The Register of Members and Share Transfer Books of the Company will remain closed from 7^{th} September 2018 to 13^{th} September 2018 (both days inclusive), for determining the name of Members eligible for dividend on Equity Shares, if declared at the AGM.

5. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company for admission into the Meeting Hall.

6. Members who hold shares in dematerialised form are requested to furnish their Client ID and DP ID Nos. for easy identification of attendance at the Meeting.

7. Members holding shares in physical form are requested to inform the Company/Registrar & Share Transfer Agent, the changes, if any, in their address or Bank particulars so that the same can be incorporated in the Dividend Instrument and in case their shares are held in dematerialised form, this information should be furnished to their respective Depository Participants immediately.

8. Members who are holding Shares in physical form and desire to avail the facility of Electronic Credit of Dividend are requested to furnish their Bank particulars, together with a photocopy of blank cancelled cheque for verification of MICR Code, to the Company or its Registrar & Share Transfer Agent, C. B. Management Services Pvt. Limited. Members holding Shares in electronic form are requested to furnish the said information to their respective Depository Participants.

   Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all companies are to mandatorily use the Bank Account details furnished by the Depositories for crediting dividends. Dividend will be credited to the Member's Bank Account through NECS wherever complete core banking details are available with the Company. In cases, where the core banking details are not available, dividend warrants will be issued to the Members with Bank details printed thereon as available in the Company's records.

9. Members, who have not dematerialised their shares as yet, are advised to have their shares dematerialised to avail the benefits of paperless trading as well as easy liquidity as the trading in shares of the Company is under compulsory dematerialised form.

10. Members holding Shares of the Company in physical form through multiple folios in identical names or joint accounts in the same order of names are requested to consolidate their shareholding into single folio, by sending their original share certificates along with a request letter to consolidate their shareholding into one single folio, to the Registrar & Share Transfer Agent of the Company.

11. In all correspondence with the Company/Registrar & Share Transfer Agent, Members are requested to quote their Folio Number and in case their shares are held in the dematerialised form, they must quote their DP ID and Client ID Number.

12. Dividend on Equity Shares as recommended by the Board, if declared at the Annual General Meeting, will be paid:

a) to those Members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company on or before 6th September 2018, and

b) in respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the end of business hours on 6th September 2018.

13. In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013, the unclaimed/unpaid dividend relating to financial year ended 31st March 2010 has been deposited on 13th September 2017 with the Investor Education and Protection Fund established by the Central Government.

Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 4th September 2017 (date of last Annual General Meeting) on its website and on the website of the Ministry of Corporate Affairs. Members are requested to note that dividends that are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 ("Act"), be transferred to the Investor Education and Protection Fund (IEPF). Members who have a valid claim to any of the unpaid/unclaimed dividends are requested to correspond with the Share Department of the Company at its Registered Office.

Shares on which dividend remains unpaid/unclaimed for seven consecutive years will also be transferred to the IEPF as per Section 124 (6) of the Act, and the applicable Rules. During the year 2017-18, the Company has transferred 112,846 Equity Shares of Rs. 5/- each of the Company, on which dividend has remained unclaimed/unpaid for a continuous period of 7 years or more, to the Demat Account of the Investors Education and Protection Fund (IEPF) Authority, as per the applicable provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended.

Members are informed that once the unpaid/unclaimed dividend or the shares are transferred to IEPF, the same may be claimed by the Members from the IEPF Authority by making an application in prescribed Form IEPF-5 online and sending the physical copy of the same duly signed (as per the specimen signature recorded with the Company) along with requisite documents as specified in Form IEPF-5 which is available on the website of IEPF at www.iepf.gov.in

14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their respective Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrar & Share Transfer Agent of the Company.

15. Members are requested to contact the Company's Registrar & Share Transfer Agent, C. B. Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019 Phone : (033) 22806692, 40116700 for reply to their queries/redressal of complaints, if any, or contact the Company Secretary at the Registered Office of the Company (Phone: (033) 4031 3200, Email: nksethia@kanoriachem.com).

16. Members who wish to obtain any information on the Company or the Accounts for the financial year ended 31st March 2018 may send their queries to the Company Secretary at the Registered Office of the Company at least 10 working days before the AGM.

17. Pursuant to Section 72 of the Companies Act, 2013 and Rules made thereunder, Members holding shares in the physical form and desirous of making/changing nomination in respect of their shareholdings in the Company, are requested to submit the prescribed Form No. SH-13 and SH-14, as applicable for this purpose to the Company's Registrar & Share Transfer Agent.

18. Copies of the Annual Report 2017-18, Notice of the 58th AGM of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by electronic mode to all the Members whose email addresses are registered with the Company/Depositary Participant(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the Annual Report 2017-18, Notice of the AGM of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form are being sent by the permitted mode.

19. Members are requested to bring their copy of the Annual Report to the Meeting.

20. Members may note that the Notice of the 58th AGM and the Annual Report 2017-18 will also be available on the Company's website www.kanoriachem.com. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 read with Rules made thereunder will be available for inspection at the AGM. Members who require communication in physical form in addition to e-communication, may write to us at investor@kanoriachem.com

21. All documents referred to in the accompanying notice will be open for inspection at the AGM and such documents will also be available for inspection in physical or in electronic form at the registered office and copies thereof shall also be available for inspection in physical or electronic form at the corporate office of the Company (address: Kanoria Chemicals & Industries Limited, Indra Prakash Building, 2nd Floor, 21, Barakhamba Road, New Delhi – 110 001) on any working day between 11.00 A.M. and 1.00 P.M. till the date of the Annual General Meeting.

22. Members who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communications from the Company electronically.

23. The Directors to be appointed/re-appointed at the AGM have furnished the requisite consent/declarations as required under the applicable laws.

24. Voting through Electronic Means:

i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its Members, the facility to exercise their right to vote on resolutions proposed to be considered at the 58th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

ii. The facility for voting through Polling Paper shall be made available at the AGM and the Members attending the Meeting who have not cast their vote by remote e-voting shall be able to exercise their voting right at the Meeting through Polling Paper. The facility to vote by electronic voting system will not be provided at the AGM.

iii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

iv. The remote e-voting period commences on 10th September 2018 (at 9.00 A. M.) and ends on 12th September 2018 (at 5.00 P. M.). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 6th September, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter and the facility shall be blocked therewith. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

v. **The details of the process and manner for remote e-voting are explained herein below:**

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, *if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding Shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is 12**************
For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example, if EVEN is 101456 and folio number is 001*** then user ID is 101456001***

5. Your password details are given below:
   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c. How to retrieve your 'initial password'?
      i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "initial password" or have forgotten your password:
   a. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com
   b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com
   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

   Details on Step 2 are mentioned below:

   How to cast your vote electronically on NSDL e-Voting system?

   1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
   2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
   3. Select "EVEN" of Kanoria Chemicals & Industries Limited.
   4. Now you are ready for e-Voting as the Voting page opens.
   5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
   6. Upon confirmation, the message "Vote cast successfully" will be displayed.
   7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
   8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to kanoriachemscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

vi. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

vii. The voting rights of Members shall be in proportion to their shares of the paid up Equity Share Capital of the Company as on the cut-off date i.e. 6th September 2018.

viii. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice of AGM and holding shares as on the cut-off date i.e. 6th September 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or rta@cbmsl.com or investor@kanoriachem.com mentioning his/her Folio Number/DPID and Client ID. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the toll free no.: 1800-222-990.

ix. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Polling Paper.

x. Shri H. M. Choraria (Membership No. FCS 2398), practising company secretary and proprietor of H. M. Choraria & Co., Kolkata has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

xi. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of Polling Paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

xii. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against the proposed resolutions and provide the said Report to the Chairman or any Director authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

xiii. The Notice of the AGM shall be placed on the website of the Company and NSDL. The results declared along with the Report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or any Director authorized by him in writing and also shall be displayed on the notice Board of the Company at its Registered Office and Corporate Office. The results shall also be immediately forwarded to the BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.

25. Additional information, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of Shri S. V. Kanoria seeking appointment on retirement as rotational Director is given as under, while in respect of other Directors seeking appointment/re-appointment it is provided in the Explanatory Statement:

Shri S. V. Kanoria

Shri S. V. Kanoria (DIN: 02097441), aged about 36 years is the Wholetime Director of the Company with effect from 1st April 2016. He retires by rotation at the 58th Annual General Meeting of the Company under Section 152 of the Companies Act, 2013 and, being eligible, has offered himself for re-appointment as a Director of the Company.

Shri S. V. Kanoria, an MS in Computer Science from the University of Illinois – Urbana Champaign, USA, has about 14 years of commercial, industrial, managerial and operational experience.

He attended three Board Meetings out of the four Board Meetings held during the year 2017-18.

He is a Member of the Stakeholders Relationship Committee and Finance Committee of the Board of Directors of the Company. He does not hold any Committee chairmanship/ membership in any other company.

He is a Director in the following companies:

Name of the Company	Position held
KPL International Limited	Director
Vardhan Finvest Limited	Director
India General Trading Co. Limited	Director
R V Investment & Dealers Limited	Director
PHD Chamber of Commerce and Industry	Director
Breaking Wave Software Private Limited	Director
Humbleschool Private Limited	Director

He holds 556,440 Equity Shares in the Company. He is relative of Shri R.V. Kanoria, Managing Director and Smt. Madhuvanti Kanoria, a Director of the Company.

The Company has received from Shri S. V. Kanoria intimation in Form DIR 8 declaring that he is not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013.

The appointment of Shri S. V. Kanoria as a Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, Item No. 3 of the Notice is placed for your approval in the interest of the Company.

Except Shri S. V. Kanoria, Shri R.V. Kanoria, Managing Director and Smt. Madhuvanti Kanoria, Director of the Company and their relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the appointment of Shri S. V. Kanoria as a Director of the Company.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Re: Item No. 4

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on 18th May, 2018, appointed Shri Sidharth Kumar Birla (DIN: 00004213) as an Additional Director under Section 161 of the Companies Act, 2013 ("the Act") and also as an Independent Director, not liable to retire by rotation, for a period of 5 consecutive years with effect from 18th May, 2018, subject to approval of the shareholders. Since, in terms of Section 161 of the Act, Shri Sidharth Kumar Birla holds office upto the 58th Annual General Meeting, his appointment as an Independent Director as above needs approval of the shareholders at the ensuing 58th Annual General Meeting of the Company.

Shri Sidharth Kumar Birla has given his consent to act as Director and declared that he is eligible for appointment as a Director and that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Shri Sidharth Kumar Birla fulfills the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations and he is also independent of the Management.

Shri Sidharth Kumar Birla, aged about 61 years completed his B.Sc. (Hons) degree in Physics from Calcutta University and holds an MBA from IMD, Switzerland. He is also an Alumnus of Harvard Business School. He is Past President of FICCI, an erstwhile nominee (3 terms) of the Central Government on the central council of the Institute of Chartered Accountants of India (ICAI), and presently an independent director of the ICSI Institute of Insolvency Professionals (ICSI-IIP).

His areas of expertise and experience include Corporate Governance, Strategic Issues, Company Law matters, Corporate Financial Structuring, Operating Financial Management, etc.

He is a Director in the following companies:

Name of the Company	Position held
Xpro India Limited	Chairman (Wholetime Director)
Digjam Limted (Formerly Digjam Textiles Ltd.)	Chairman
Xpro Global Limited	Director
iPro Capital Limited	Director
Central India General Agents Ltd.	Director
Birla Brothers. Pvt. Ltd.	Director
ICSI Institute of Insolvency Professionals (Formerly ICSI Insolvency Professionals Agency)	Director
Xpro Global Pte Ltd., Singapore	Director
Alpha Capital Resources Pte Ltd., Singapore	Director

He holds the following Committee chairmanship/ membership in other companies:

Name of the Company	Name of the Committee	Position held
Xpro India Limited	Remuneration and Nomination Committee	Member
	Committee of Directors	Member
Digjam Limted (Formerly Digjam Textiles Ltd.)	Remuneration and Nomination Committee	Member
	Committee of Directors	Chairman
Birla Brothers. Pvt. Ltd.	Audit Committee	Member

He holds 25 Equity Shares of the Company. He is not related to any Director or Key Managerial Personnel of the Company.

Copy of the draft letter for appointment of Shri Sidharth Kumar Birla as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the shareholders at the Registered Office of the Company during normal business hours on any working day between 11.00 A. M. and 1.00 P. M. till the date of AGM of the Company.

The appointment of Shri Sidharth Kumar Birla as an Independent Director requires approval of the shareholders as per the provisions of the Companies Act, 2013. Hence, the Ordinary Resolution set out in Item No. 4 of the Notice is placed for your approval. Your Directors recommend passing of the said resolution in the interest of the Company.

Except Shri Sidharth Kumar Birla and his relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed Ordinary Resolution.

The above information in respect of Shri Sidharth Kumar Birla may also be treated as information pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as a Director of the Company.

Re: Item No. 5

The previous term of Shri R.V. Kanoria (DIN: 00003792) as Managing Director of the Company expired by efflux of time on 9th January, 2018. Shri R.V. Kanoria, aged about 63 years is an industrialist and currently the Chairman & Managing Director of the Company. He is a science graduate and holds MBA (Hons) degree from Switzerland. He possesses over four decades of industrial, managerial, administrative and commercial experience. He was appointed a Member of the Board of the Company on 9th November 1982.

He is the Chairman/Member of the following Committees of the Board of Directors of the Company:

- Audit Committee - Member
- Nomination and Remuneration Committee - Member
- Corporate Social Responsibility Committee - Member
- Finance Committee - Chairman

He attended all the four Board Meetings held during the year 2017-18.

He is on the Board of Directors of the following companies:

Name of the Company	Position held
Nestle India Limited	Director
J. K. Paper Limited	Director
Ludlow Jute & Specialities Limited	Director
KPL International Limited	Director
Vardhan Limited	Director
R.V. Investment & Dealers Limited	Director
Kirtivardhan Finvest Services Limited	Director
APAG Holding AG, Switzerland	Chairman
APAG Elektronik AG, Switzerland	Chairman
APAG Elektronik Corp., Canada	Director

He holds the following Committee chairmanship/ membership in other companies:

Name of the Company	Name of the Committee	Position held
Nestle India Limited	Audit Committee	Member
	Stakeholders Relationship Committee	Member
	Nomination and Remuneration Committee	Chairman
J K Paper Limited	Audit Committee	Member
	Stakeholders Relationship Committee	Chairman
	Nomination and Remuneration Committee	Member
	Committee of Directors	Member
Ludlow Jute & Specialities Limited	Corporate Social Responsibility Committee	Member
KPL International Limited	Audit Committee	Chairman
	Share Transfer Committee	Member
	Nomination and Remuneration Committee	Member
R V Investment & Dealers Limited	Stakeholders Relationship Committee	Member
	Corporate Social Responsibility Committee	Member
Vardhan Limited	Corporate Social Responsibility Committee	Member

On the recommendation made by the Nomination and Remuneration Committee in its Meeting held on 14th November 2017, the Board of Directors of the Company at its Meeting held on 14th November 2017, re-appointed Shri R.V. Kanoria as the Managing Director of the Company for a period of further three years with effect from 10th January 2018, subject to the approval of the shareholders of the Company and other necessary approvals, if any, on the terms and conditions including remuneration as recommended by the Nomination and Remuneration Committee and as set out in the Agreement dated 16th December 2017, entered into between the Company and Shri R.V. Kanoria. The main terms and conditions of the said Agreement are as follows:-

REMUNERATION

Shri R.V. Kanoria, in consideration of his services will be entitled to the following by way of remuneration during his tenure of three years effective from 10th January 2018:

(A) Salary

Rs. 950,000/- (Rupees Nine Lakh Fifty Thousand only) per month. The increment will be as decided by the Board of Directors, based on the recommendation of the Nomination and Remuneration Committee.

(B) Commission

At the rate of 2% (Two percent) of net profits of the Company for each financial year, computed in the manner laid down under the Companies Act, 2013 and shall be payable on pro-rata basis for any broken period/financial year.

(C) Perquisites

Shri R.V. Kanoria will be entitled to the following perquisites in addition to Salary and Commission, restricted to an amount equal to his Annual Salary. Unless the context otherwise requires, perquisites are classified into three categories A, B and C as follows:-

CATEGORY – A

This will comprise of Residential accommodation or House Rent Allowance, Medical reimbursement, Leave/Holiday Travel, fees of Clubs and Group Mediclaim/Personal Accident Insurance. These may be provided for as under:-

Housing

a) Residential Accommodation or Monthly House Rent Allowance at the rate of 60% of the Salary.

b) Expenses pertaining to use of Gas, Electricity, Water will be borne/reimbursed by the Company.

c) The Company will provide Furniture, Fixtures and Furnishings at the residence.

Medical Reimbursement

Reimbursement of actual Medical Expenses incurred in India and/or abroad including cost of Travel, Hospitalisation, Nursing Home and Surgical charges for himself and family.

Leave/ Holiday Travel Reimbursement/Allowance

Reimbursement of all the expenses incurred during Leave/Holiday Travel period in respect of himself and family, while proceeding on leave/holiday to any place in India or abroad, and/or Allowance, subject to a ceiling of one month's salary per annum. The entitlement in respect of any one year, to the extent not availed of, shall be allowed to be accumulated upto the next two years.

Club Fees

Fees of Clubs subject to a maximum of two Clubs. This will not include Admission and Life membership fees.

Group Mediclaim and Personal Accident Insurance

As per the rules of the Company.

CATEGORY - B

a) Contribution to Provident Fund as per the rules of the Company.

b) Gratuity at the rate of half month's salary for each completed year of service.

c) Leave with full pay or encashment thereof as per the rules of the Company.

In computing the monetary ceiling on perquisites as mentioned in Clause (2)(C) above, Company's contribution to Provident Fund, Gratuity and encashment of leave at the end of the service shall not be taken into account.

CATEGORY - C

a) Conveyance facilities

The Company shall provide suitable conveyance facilities as may be required by the Managing Director.

b) Communication facilities

The Company shall provide free telephone, telefax facilities at his residence and other communication facilities as may be required.

Other Perquisites

Subject to the ceiling on remuneration as prescribed under the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof as may be applicable at the relevant time, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may, from time to time, decide.

Perquisites shall be evaluated as per Income Tax Rules, 1962, wherever applicable and in the absence of any such rules, perquisites shall be valued at actual cost.

Minimum Remuneration:

In the event of no profits or inadequacy of profits in any financial year during the currency of tenure of office of Shri R.V.Kanoria, the Company will pay him, in respect of such financial year, minimum remuneration subject to the limits specified in Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof as may be applicable at the relevant time.

General

Shri R.V.Kanoria will also be entitled to reimbursement of entertainment expenses actually and properly incurred in the course of the business of the Company.

Shri R.V.Kanoria shall not, so long as he acts as the Managing Director of the Company, be paid any sitting fees for attending any meetings of the Board or any Committee thereof.

Shri R.V. Kanoria shall not be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Directors or in fixing the number of Directors to retire but he shall ipso facto and immediately cease to be the Managing Director if he ceases to hold the office of Director for any cause.

The terms and conditions of appointment and/or remuneration of Shri R.V.Kanoria may be altered and varied, from time to time, during his tenure of appointment, in such manner as may be agreed to between the Board of Directors and Shri R.V.Kanoria, subject to the same being in accordance and within the limits specified in Schedule V and other applicable provisions of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof as may be applicable at the relevant time.

INSPECTION OF DOCUMENTS

The Agreement entered into on 16th December, 2017 between the Company and Shri R.V. Kanoria is available for inspection by the Shareholders of the Company at its Registered Office and copy thereof at the Corporate Office on any working day between 11.00 A.M. and 1.00 P.M. till the date of the Annual General Meeting and will also be available at the Annual General Meeting, without payment of fee.

Shri R.V. Kanoria holds 461,481 Equity Shares of the Company. He is relative of Smt. Madhuvanti Kanoria Director and Shri S. V. Kanoria, Wholetime Director of the Company.

In terms of Schedule V to the Companies Act, 2013, the following information is given to the Shareholders

i. General Information

1. Nature of Industry	Chemicals manufacturing and Solar Power generation
2. Date of commencement of Commercial Production	1965
3. Financial Performance	

(Rs. in Million)

Financial Year	Total Income	Operating Profit	Profit before Tax	Profit after Tax
2017-18	3,701	365	82	56
2016-17	3,500	512	100	187
2015-16	3,509	541	223	170

4. Foreign Investments or Collaborators	There were 258 FI/FII/Foreign Nationals/ NRI/OCBs Shareholders holding 355.919 Equity Shares of the Company as on 31st March 2018. The Company does not have any foreign Collaborator.

ii. Information about the appointee

1. Background Details	Shri R.V. Kanoria is an eminent industrialist in the Country. He is an MBA (Hons) from IMD Lausanne, Switzerland and an alumnus of The Wharton School of Business, USA (from where he completed an advanced management programme in 1998). He has been instrumental in influencing trade policy both at the national and global level and has over four decades of experience in the chemicals, textiles and jute industries. He has contributed to Industry and Society immensely. He has occupied various offices in Industry Associations including the office of President of Federation of Indian Chambers of Commerce and Industry (FICCI) in 2011-12. He has also Chaired, Commission on Trade and Investment Policy of the International Chamber of Commerce, Paris during 2008 - 2011. He has been Chairman of Confederation of Indian Textile Industry and Chairman of Indian Jute Mills' Association, Chairman of Indian Cotton Mills Federation. He has served on various Government Committees particularly on trade and investment.
2. Past Remuneration	**Year** — **(Rs. in Million)** 2017-18 — 18.08 2016-17 — 14.70 2015-16 — 12.92
3. Recognition or Awards	Shri R.V. Kanoria has been awarded with "Swiss Ambassador's Award for Leadership and Business Ethics, 2013" and bestowed with the Distinction of Commander of the Order of Leopold II by the King of Belgium for his contribution to the development of business ties between India and Belgium.
4. Job profile and his suitability	Shri R.V. Kanoria devotes whole time attention to the management of the affairs of the Company and exercises substantial powers of the management, subject to the superintendence, direction and control of the Board of Directors and also carries out duties as entrusted to him from time to time by the Board of Directors.
5. Remuneration Proposed	Salary@Rs. 9,50,000/- p.m., Commission@2% of the net profits, computed in the manner laid down under the Companies Act, 2013, and other perquisites/allowances, as spelt out in the explanatory statement, hereinabove. His increment will be as decided by the Board of Directors.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person.	The remuneration proposed is in consonance with similar position in the industry.
7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Except the remuneration to be received from the Company and to receive dividend declared, Shri R.V. Kanoria does not have any pecuniary relationship directly or indirectly with the Company. He is related to Shri S. V. Kanoria, Wholetime Director of the Company.

iii. Other Information

1. Reasons of Inadequacy of Profits 2. Steps taken or proposed to be taken for improvement 3. Expected increase in productivity and profits in measurable terms	The Company expects to earn adequate profits for payment of managerial remuneration. But, as an abundant caution for payment of minimum remuneration to Shri R.V. Kanoria, in case of no profit or inadequate profit in any particular year during his tenure, this information is provided to the shareholders.

The appointment and remuneration of Shri R.V. Kanoria, fixed in accordance with the applicable provisions of the Companies Act, 2013, is subject to approval of the shareholders. Hence, the Special Resolution set out in Item No. 5 of the Notice is placed for your approval. Your Directors recommend passing of the said resolution in the interest of the Company.

Except Shri R.V. Kanoria, Smt. Madhuvanti Kanoria and S. V. Kanoria, Directors of the Company and their relatives as shareholders of the Company, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the proposed Resolution.

The above information in respect of Shri R.V. Kanoria may also be treated as information, pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for his re-appointment as the Managing Director of the Company.

Re: Item No. 6

The Board of Directors, on the recommendation of the Audit Committee, has considered and approved the appointment of M/s. N. D. Birla & Co., Cost Accountants (Firm Registration No. 000028), as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March 2019 at a remuneration of Rs. 1,45,000/- (Rupees One Lakh Forty Five Thousand only) plus applicable taxes and reimbursement of travelling and other incidental expenses to be incurred by them in the course of cost audit.

Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the remuneration of the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, the Ordinary Resolution set out as Item No. 6 of the Notice is placed for ratification of the remuneration of the Cost Auditors in terms of Section 148 of the Companies Act, 2013.

None of the Directors or Key Managerial Personnel (KMPs) of the Company either directly or through their relatives is in any way, concerned or interested, whether financially or otherwise, in the proposed Resolution.

Registered Office
'Park Plaza'
71, Park Street
Kolkata-700 016
Date: 18th May 2018

By Order of the Board of Directors

N. K. Sethia
Company Secretary

MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING

'Shripati Singhania Hall',
Rotary Sadan
94/2 Chowringhee Road
Kolkata- 700 020

KCI
Kanoria Chemicals & Industries Limited

PROXY FORM

Form No.MGT-11

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L24110WB1960PLC024910
Name of the Company : KANORIA CHEMICALS & INDUSTRIES LIMITED
Registered Office : "Park Plaza", 71, Park Street, Kolkata - 700 016

Name of the Member (s) :

Registered Address :

E-mail Id :

Folio / DP ID & Client ID No. :

I/We, being the member(s), holding ....Shares of the above named company, hereby appoint

1. Name: .... Address:..
   E-mail Id:.. Signature:..., or failing him
2. Name: .... Address:..
   E-mail Id:.. Signature:..., or failing him
3. Name: .... Address:..
   E-mail Id:.. Signature:..

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 58th Annual General Meeting of the Company, to be held on Thursday, the 13th September 2018 at 3.00 P.M. at Shripati Singhania Hall in Rotary Sadan, 94/2, Chowringhee Road (near to Nehru Children Museum), Kolkata - 700 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions
Ordinary Business	
1.	Adoption of the Audited Financial Statements (including the Consolidated Financial Statements) of the Company for the financial year ended 31st March 2018 and the Reports of the Board of Directors and Auditors thereon.
2.	Declaration of Dividend on Equity Shares for the financial year ended 31st March 2018.
3.	Appointment of a Director in place of Shri S. V. Kanoria (DIN: 02097441), who retires by rotation and being eligible, offers himself for re-appointment.
Special Business	
4.	Appointment of Shri Sidharth Kumar Birla (DIN: 00004213) as an Independent Director of the Company.
5.	Special Resolution for re-appointment of Shri R. V. Kanoria (DIN 00003792) as the Managing Director of the Company.
6.	Ratification of remuneration of the Cost Auditors for the financial year 2018-19.

Signed this..day of..2018

Affix Revenue Stamp

Signature of Shareholder(s) ....

Signature of Proxy holder(s) ....

Note: This form of proxy in order to be effective should be duly completed, stamped, dated and signed and deposited at the Registered Office of the Company/Registrar & Share Transfer Agent, C.B. Management Services (P) Limited, P-22 Bondel Road, Kolkata-700 019, not less than 48 hours before the commencement of the Annual General Meeting.

KANORIA CHEMICALS & INDUSTRIES LIMITED
CIN: L24110WB1960PLC024910
Registered Office: "Park Plaza", 71, Park Street, Kolkata – 700 016
Phone: (033) 4031 3200, Fax: (033) 4031 3220
email: investor@kanoriachem.com Website: www.kanoriachem.com

58th Annual General Meeting

ATTENDANCE SLIP

1. Name(s) of Member(s) Including joint holders, if any :
2. Registered address of the Sole/ First named Member :
3. DP ID No. & Client ID No./ Registered Folio No. :
4. No. of Shares held :

I hereby record my presence at the **58th Annual General Meeting** of the Company being held at Shripati Singhania Hall in Rotary Sadan, 94/2, Chowringhee Road (near to Nehru Children Museum), Kolkata - 700 020, on Thursday, the 13th September 2018 at 3.00 P. M.

Signature of the Shareholder/Proxy present ....

Notes :

1. Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip and handover the same duly signed at the entrance of the meeting hall.
2. PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING

ELECTRONIC VOTING

Remote Electronic voting (Remote e-voting) facility is being provided in respect of the Resolutions proposed at the 58th AGM, in accordance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Please see **Note No. 24** to the Notice dated 18th May, 2018 convening the AGM for the procedure with respect to e-voting.

Your remote e-voting user ID and password are provided below:

Remote e-voting Event Number (EVEN)	User ID	Password

Note: The remote e-voting period commences on 10th September 2018 (at 9.00 A. M.) and ends on 12th September 2018 (at 5.00 P. M.).