Himadri

EVOLVING

Himadri Speciality Chemical Ltd

(Formerly known as Himadri Chemicals & Industries Limited)

Annual Report, 2015-16

Himadri Speciality Chemical in 2015-16

Our aspiration is to emerge as one of the leading speciality chemicals manufacturer in the world on the back of an unmatched product portfolio, cutting-edge research and best-in-class technical capabilities.

Our resolve is to enhance value of our stakeholders...
For our customers – by manufacturing high-end products
For our investors – by maximising returns on their investments
For our employees – by establishing a holistic work-life balance
For the society – by undertaking responsible initiatives
For the environment – by maintaining eco-friendliness

Himadri Speciality Chemical's performance, 2015-16

Revenues
₹1151.84 Crores

EBITDA
₹155.14 Crores

EBITDA margin
13.47%

PBT
₹(16.51) Crores

Post-tax profit
₹(12.08) Crores

Earnings per share
₹(0.31)

Long-term secured debt-equity ratio
0.48

Promoters' holding
48.95%

Total net debt-equity ratio
0.91

Forward-looking statement
In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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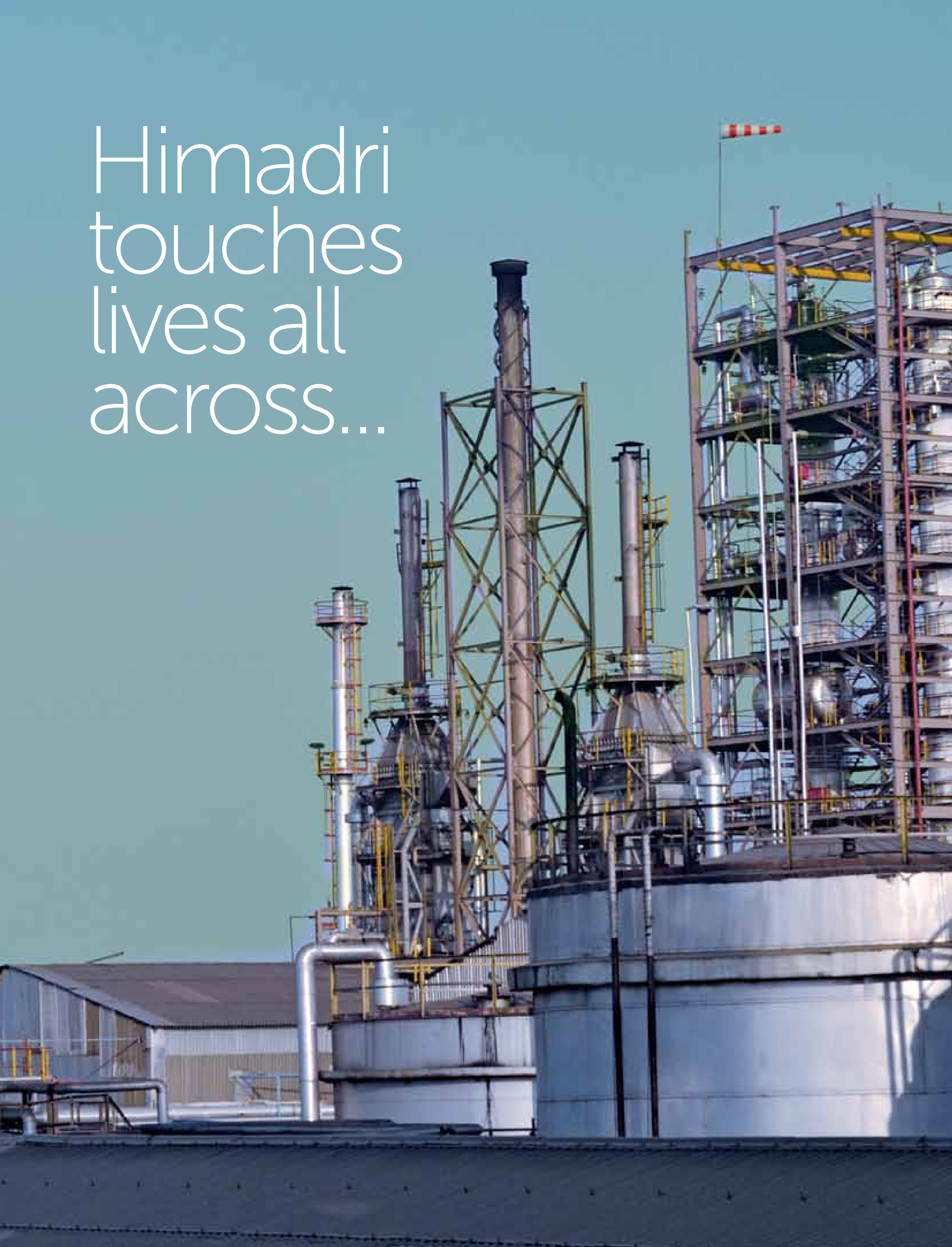
Himadri touches lives all across...



Himadri

The new Himadri logo

The new logo of Himadri Speciality Chemical Ltd is an aesthetically designed butterfly. A butterfly provides a sense of life, growth and care, which accurately showcase the values and journey of the group. Much like the butterfly, Himadri is a vibrant, ever-growing and environment-friendly company.

The different wings symbolise the multi-faceted and integrated nature of the group. The multiple wings emerge from the same focal point, signifying multiple lines of businesses, operating in close association to each other, all emerging from the same foundation – carbon.

The Himadri logo has been designed to illustrate the wings of growth. The butterfly also symbolises tenderness and care, which reflects the Group's emphasis on eco-system sustainability as well as approach towards employees and other stakeholders.

The colors yellow, orange, mauve and red evoke strength, energy and growth. The logo and colors combine the calm stability of blue and the fierce energy of red, which indicate goal planning.

The corporate name re-defined

The Company has been renamed Himadri Speciality Chemical Ltd to reflect the sphere of business that it operates in and convey its essence clearly. The evolving nature of the Company's business is reflected through the new name.

Our products are primarily speciality chemicals formulated around specific applications and used solely in performance-critical applications. The future plans and research & development initiatives are aligned towards speciality products and businesses.

Himadri manufactures coal tar pitch used in the manufacture of aluminium, which is used in automobiles, aeroplanes, televisions, radio components, rockets, beverage cans, wires, cables, smartphones, furniture, foil wraps...

Himadri manufactures coal tar pitch, which finds downstream use in the manufacture of graphite electrodes in electric arc furnaces.

Himadri manufactures specialised coal tar pitch, which is used in long war head missiles.

Himadri manufactures advanced carbon used in the manufacture of lithium-ion batteries that power smartphones, electric vehicles and digital cameras as well as airplane brakes that make flying safer.

Himadri manufactures coal tar-based thermoplastic polymeric coating, which is used as an anti-corrosive material in underground and offshore pipelines.

Himadri manufactures carbon black used for reinforcement of elastomeric materials. Carbon black is a critical raw material in tyre and other rubber industries, inks, plastics and paints.

Himadri manufactures a range of speciality carbon black with specific applications in plastics, fibre, inks and food grade materials.

Himadri generates clean and green power, which is marketed to the state electricity grid and consumed in-house.

Himadri manufactures SNF (Sulphonated Naphthalene Formaldehyde), which enhances the performance of concrete for commercial and core infrastructure constructions.

Himadri manufactures PCE (poly carboxylate ether) which is a performance chemical used in next-generation superplasticisers to manufacture high-strength, high-performance concrete.

Himadri manufactures wood preservatives and fuel oils to replace existing varieties of furnace oils.

Himadri is one of the few integrated speciality carbon companies in the world, dedicated to creating cutting-edge products through relentless innovation.

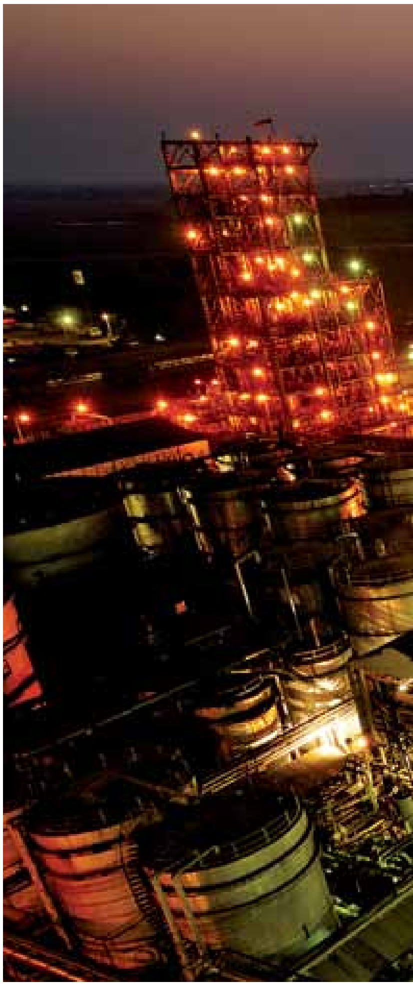
Performance Ambition

Long-term goals

- Emerge as one of the most respected global speciality chemical companies
- Emerge among the three leading global producers of coal tar products
- Emerge among the most competitive global producers of coal tar products
- Scale capacities to address demand growth for advanced carbon products
- Address the growing needs of institutional customers
- Improve processes to create a quality-driven niche product portfolio

Immediate goals

- Maintain domestic leadership in the coal tar pitch segment
- Capitalise on the demand for carbon black arising from the tyre and speciality segments
- Expand product portfolio by focusing on value-added and market-specific products
- Foster growth via organic and inorganic means
- Reduce debt significantly



Financials

- Reported a 5-year CAGR revenue growth of 10%
- Reported a y-o-y growth of 456 bps in EBIDTA margin
- Repaid ₹122.46 Crores (including conversion of debt of ₹ 62.08 Crores into equity shares), moderating the overall long-term debt-equity ratio to 0.53.

1990
- Commissioned coal tar distillation plant in Liluah, Howrah, West Bengal

1993
- Commissioned distillation plant in Howrah and a manufacturing unit at Vishakhapatnam

2000
- Merged Himadri Ispat Limited's coal tar distillation facility with the Company

2005
- Commissioned distillation plant at Mahistikry, Hooghly

2006
- Commissioned byproduct refining plant at Mahistikry, Hooghly

2007
- Established pitch melting plant at Korba

2008
- Started production of advanced carbon materials

2009
- Acquired SNF plant at Vapi; commissioned a carbon black plant and power plant at Mahistikry

2010

- Completed capacity addition at the coal tar pitch plant in Mahistikry
- Completed capacity addition for SNF at the Vapi plant

2011

- Recognised as an R&D centre from the Government of India
- Completed capacity addition for carbon black at Mahistikry
- Commissioned production of SNF at Mahistikry
- Established 100%-export-oriented unit in Falta SEZ for advanced carbon materials
- Established a coal tar pitch plant in China

2012

- Completed brownfield expansion of the power plant (from 12 megawatts to 20 megawatts)

2013

- Initiated a brownfield project to enhance the Company's coal tar distillation capacity in India by 60%

2014

- Commenced expanded coal tar distillation capacity at Mahistikry

2015

- Initiated setting up a pitch melting plant at Sambalpur, Odisha

2016

- Transformed identity to Himadri Speciality Chemical Ltd to faithfully reflect the depth and distinctiveness of the business

Background

Established in 1987, Himadri Speciality Chemical Ltd is the largest vertically-integrated coal tar pitch manufacturing company in India. The Company is promoted by the Choudhary family and is presently led by Mr. Anurag Choudhary (Chief Executive Officer), assisted by Mr. Amit Choudhary, Mr. Tushar Choudhary and a group of experienced professionals.

Presence

Headquartered in Kolkata, West Bengal, Himadri has seven manufacturing units across India – four in West Bengal and one each in Andhra Pradesh, Gujarat, Chhattisgarh – and is now setting up its eighth unit in Odisha. The Company exports products to more than 10 countries.

Values

Vision

To become a globally acclaimed leader in carbon products by adopting appropriate eco-friendly technologies and enhancing core capabilities through continuous product improvement, technical innovation and customer satisfaction.

Mission

- Ensure customer satisfaction by strengthening our core competence in developing products, processes and people towards achieving a global standard of excellence
- Be a cost leader, unleashing employee potential to satisfy stakeholders while being a responsible corporate citizen and adhering to our values
- Develop employees and encourage them to excel in their professional, personal and social lives
- Conserve the environment, maintain high levels of safety and address social concerns in our regions of operation.

Himadri's share in India's coal tar pitch sector.

70%

Downstream applications

Core sectors

The Company accounts for more than 70% share of India's coal tar pitch business, a critical raw material for the aluminium and graphite industries. Carbon black enjoys applications in tyre and automotive industries. SNF and PCE are performance chemicals, which have a high demand in the construction and infrastructure segments.

Sunrise sectors

Advanced carbon materials are used to make lithium-ion batteries, which, in turn, are critical for the seamless functioning of electric vehicles – a segment that is poised for exponential growth. Smartphone batteries are lithium-ion based - a market that is globally pervasive and growing speedily.

Other sectors

Himadri produces a range of speciality oils and other products, which find application in diverse industries like paints, dyes, anti-corrosion, wood preservatives and plastics, among others.

Downstream uses

Products	Applications
Aluminium grade pitch	Aluminium production
Graphite grade binder pitch	Graphite electrode manufacture
Graphite grade Zero QI (Quinolene Insoluble) coal tar impregnated pitch	Graphite electrode, nipple impregnation and UHP grade electrode manufacture
Mesophase pitch	Anode material for lithium-ion batteries, carbon/carbon composites
Special pitch	Long warhead missiles, refractories, carbon paste, paints/ ultramarine blue and waterproofing, among others
Naphthalene	SNF, dyes and dyestuff intermediates, tanning agents, super plasticiser manufacture, pharmaceuticals, disinfectants
Light creosote oils	Paints and asphalt liquefying, manufacture of phenolic disinfectants
Heavy creosote oil	Benzole extraction from coke oven gas and as wood preservative
Anthracene oil/carbon black oil	Carbon black manufacture as a feedstock and in coal tar enamel manufacture
SNF / PCE	Used in RMC as an additive
Carbon black	Reinforcing agent for rubber, abrasion-resistant, tear-resistant, improving fracture behavior with improved dynamic mechanical properties
Himcoat enamel	Anti-corrosion protection to underground and off-shore pipelines
Himcoat Primer-B	Oil & gas, water and sewage pipelines, tanks, underground, structures and fittings
Himtape	Oil & gas tanks, underground structures and fittings
Himwrap	Protection to underground pipelines by protecting the enamel against soil stress, pipe shift, moisture and bacteria, among others

Managing Director's Statement

Himadri's presence in strategic business spaces enables it to leverage these emerging economic trends. The Company manufactures products for the country's core sectors - steel, aluminium, automotive and infrastructure development. With India growing, Himadri is expected to also grow as well.

Dear shareholders,

India represents one of the most exciting opportunities in the world today.

At Himadri, we believe that the country is stepping out of an economic slowdown, driven by a pro-business government at the Centre eager on accelerating reforms and implementing ground-level infrastructure initiatives. The result is that even as India grew 7.6% during the last financial year, the fastest across any major economy, the fact that it reported 7.9% growth in the fourth quarter indicates that the growth is trending faster and is sustainable.

After years, India has started to reap the twin benefits of high interest costs and low inflation, generating real returns, which we believe represents the foundation of capital formation, larger savings and increased private consumption. The easing interest rates and investments becoming cheaper will create another round of growth of the country's economy.

There are other realities that favour India. According to International Monetary Fund, per capita income in India is only US$1,688, compared with US$8,280 in China. With 50% of its population being under the age of 25, and 65% under 35, India enjoys the advantage of a young labour force as well.

The Indian Government has prioritised the development of a manufacturing base with the objective to transform India into the world's go-to destination for manufacturing, the same way China did a couple of decades ago. India is attractively placed to capitalise: the country's manufacturing wages are a quarter of what they are on China's Eastern coast, a significant advantage.

India has taken a number of decisive steps in the infrastructure sector (like the introduction of the hybrid annuity model for road construction and easing of interest rates) which are expected to create the necessary infrastructure to drive manufacturing growth.

Moreover, a slew of initiatives like Make in India, Skill India, Startup India and Digital India will drive economic growth in the years that lie ahead. According to the World Bank's *Doing Business Report 2016*, India ranks 130 out of 189 countries in terms of ease of doing business, moving up four places from last year's adjusted ranking of 134. We believe this is the beginning of a long-term improvement trend.

Himadri's presence in strategic business spaces enables it to leverage these emerging economic trends. The Company manufactures products for the country's core sectors - steel, aluminium, automotive and infrastructure development. The result is that with India growing, Himadri is expected to grow as well. Himadri's advanced carbon materials are integral components of lithium-ion batteries. With growth in the smartphones and electric vehicles segments exploding and an ever-increasing consumer hunger for longer battery lives, this sector is poised to take off like never before.

Despite a volatile situation, demand in the aluminium industry is expected to improve owing to growing use of aluminium in sectors like automobiles. To make the vehicles cost-effective, lighter and reduce emission, a number of global automobile majors are focusing on aluminium as one of the key raw materials in the manufacture of components.

Alcoa, the US aluminium group, expects global demand for the metal to grow 6% this year, only slightly slower than 2015, in spite of volatility in the financial markets. The domestic demand for aluminium is expected to be strong owing expected economic growth. With the power sector getting back on fast track, the demand for aluminium is expected to rise as the power sector is one of the major aluminium consumers in the country.

Himadri is also producing SNF, a key admixture for concrete that is expected to perform better owing to increased construction in the country and a low penetration of construction chemicals in India. We are also at the final stages of acquiring approval for advance carbon black for li-ion batteries, which will open up a sea of opportunities. Growth in demand for lithium-ion (Li-ion) batteries has encompassed a range of application areas, including consumer electronics, hybrid as well as electric vehicles and energy storage. While the ubiquity of hybrid vehicles and full-electric vehicles has yet to be manifested on global roads in greater numbers, the process of a marked shift towards more fuel-efficient and eco-friendly means of transport as a switch from conventional gasoline powered vehicles has commenced. Besides, the battery is gaining traction as the source of power for portable electronic devices including mobiles, digital cameras, laptops and tablet PCs, among others.

For a country like India, which is still in its industrialisation phase, the increased consumption of steel and aluminium is imminent; there can be no national growth without these metals. Besides, with housing construction expected to accelerate and the country's automotive sector reporting a rebound, a company like Himadri can look forward to a sustained growth in offtake.

On account of these reasons, I am optimistic that Himadri will add significant value in the hands of stakeholders over the foreseeable future.

Bankey Lal Choudhary,
Managing Director

50%

of India's population is under the age of 25, and 65% under 35 – the advantage of a young labour force.

The Indian demand for aluminium is expected to be strong owing to expected economic growth.

Q&A

An operational review

A conversation with Anurag Choudhary, CEO

Q: The Company encountered the most challenging period in its existance during the last three years.

A: The Company had been incurring losses during the last three years, even though at the operational level, we reported profitability. Primarily, the losses that the Company incurred were due to a depreciation of the INR and inventory losses on account of fall in the price of crude oil. The inventory pileup continued during the first two quarters of the year under review. The cumulative loss before tax incurred during the first two quarters stood at ₹44.14 Crores before the Company reported a vigorous turnaround in the third and fourth quarters. The sharpness of the decline in the first two quarters and the improvement in the third and fourth quarters made it a challenging year from a number of perspectives.

Q: A number of shareholders are apprehensive about the robustness of the Company's business model. Was sluggish offtake among downstream users the reason behind this under-performance?

A: This is something I wish to clarify. The strength of a business model is put into test during tough times. I am happy that we had some really tough times in the last three years. This allowed us to identify and address the shortcomings in our business model and strengthen it further. We took lots of measures to reinforce our operational efficiencies; we appointed a consultant with global expertise to help us incorporate best-in-class practices. The result of these measures was clearly visible from the third quarter of FY16 onwards. Furthermore, our business model is unique and fully-integrated to manufacture speciality chemicals. We use coal tar as the raw material and distill it to produce naphthalene, oils of various grades and coal tar pitch. The naphthalene produced is used in-house to manufacture SNF and refined naphthalene of the highest purity. Heavy creosote oil is sold to customers for specialised applications while other oils are used for making carbon black. We also produce clean and green power. The power generated is used to power the entire complex while the balance is sold to the State Grid. We add value at every step of the manufacturing processes and the best part is that one raw material is used to make various speciality chemicals. The biggest strength of our Company is our business model and our product portfolio, which allows us to cater to the core sectors of the economy – from aluminium, steel, automobiles, infrastructure and renewable energy. With anode materials, the Company caters to sunrise sectors like lithium-ion batteries.

We have communicated that our principal product – coal tar pitch – is of critical importance for some of our chief downstream clients like aluminium and graphite electrode manufacturers. They cannot compromise on the quality of the coal tar pitch as it impacts the metal in terms of purity and power consumption. Any qualitative inconsistencies in coal tar pitch can have major ramifications in terms of product output and the overall cost structure. In such a situation, our state-of-the-art manufacturing facility and technological superiority lends us an advantage. Besides, aluminium smelters cannot moderate consumption during a downturn without having to shut down one (or some) of their manufacturing units. The cost of shutting down and starting afresh is too high. This means that coal tar pitch manufacturers are assured of regular offtake in even the most challenging of markets. The strong offtake across the last two years, when aluminium and graphite industries were going through their worst phase, stands testimony to the robustness of Himadri's business model.

Q: What then accounted for a decline in the Company's earnings?

A: The decline was the result of a combination of factors, none of which had to do with demand or offtake per se. The INR depreciation against US$ impacted our P&L statement and Balance Sheet, denting our bottomline. In addition to that, with the fall in crude oil prices, the prices of coal tar came down and this resulted in lower cost of production, so the finished goods with higher raw material cost were marked to market for the lower cost of production resulting in inventory losses. Even during what was one of our most challenging 36 months, our operating profitability continued to be positive. Had it not been for sharp currency fluctuations and inventory write-offs, the Company would have reported a positive bottomline.

Q: How you propose to mitigate these risks so that the Company is not affected if these circumstances reoccur?

A: The Company has reduced its exposure to foreign currency loans – from 90% of our loans being in US$ denomination in 2013-14 to a considerably low percentage today. A strong hedging policy has minimised our exposure to forex risks.

Numbers that matters

4.7 MTPA
India's projected aluminium capacity by end FY17

US$33.98 bn
Size of global construction chemical market by 2020

17.2%
Expected CAGR between 2014-2020 for the Indian construction chemicals market

9%
Expected CAGR of the Indian tyre industry between 2016 and 2021

US$100 bn
Size of the global electric vehicle market by 2020

US$563.4 bn
Size of construction industry in India in 2020

3.2 MTPA
Expected aluminium consumption of India by the end of FY2017

US$17.56 bn
Expected size of the graphite market by 2020

Q: Had there been no exchange losses and inventory write-offs during the last three years, how would the P&L numbers have looked?

A: Losses on account of depreciation in INR and inventory write-offs were as follows:

(₹ in Crores)

	Exchange fluctuation	Inventory write-off	Normalised PBT
2013-14	111.15	-	55.29
2014-15	20.13	26.66	20.42
2015-16	29.81	31.37	44.67

We have worked hard on optimising our working capital cycle and thereby reducing inventory. The Company has inked contracts with customers based on raw material prices, so that cost increases stemming from currency fluctuations can be passed onto them.

Q: Where does the Company derive its optimism from?

A: I would like to address this in two parts: our traditional Speciality products cater to the core as well the sunrise sectors. We are making significant inroads into the latter vertical.

As far as our traditional products are concerned, I do believe that the worst is over and that can be seen from our performance during the last two quarters of FY16. We expanded our coal tar distillation capacity from 2,50,000 tonnes per annum to 4,00,000 tonnes per annum during FY14 but the additional capacity remained unutilised as the expected increase in demand from the aluminium sector did not materialise. Utilisation levels remained below 50% till FY16, reducing demand for coal tar pitch leading to capacity stagnation at our end. However, aluminium smelters across India have targeted to achieve 75% capacity utilisation by end-FY17 by ramping up their brownfield and greenfield capacities. This will increase demand for coal tar pitch by 50% y-o-y. Following this, we are confident of achieving 100% capacity utilisation during FY17.

We have reworked our product pricing strategy and renegotiated terms and conditions with our customers. This has resulted in better profitability during the last two quarters, which we believe will be sustainable over the long-term.

Our carbon black business has stabilised and we have reported consistent output and steady demand from our regular customers. With our superior product quality and cutting-edge technology, we enjoy a preferred status among quality-conscious customers and niche segments. This will allow us to enhance realisations and improve profitability. We have leveraged our R&D strength to develop a range of speciality carbon black products, which address specific requirements of our customers. Efforts are underway to further expand our speciality carbon black range and market the product globally.

Looking ahead, the electric vehicle market is expected to grow at a CAGR of 48% over the next five years. We expect to witness sweeping changes in this space in terms of technological advancements, environment-friendliness, economies-of-scale and government initiatives. Our advanced carbon material is well-placed to make the most of this exponential growth. Our products have gained acceptance in the mobile phone batteries segment which is slated for strong growth.

We are confident that in light of these realities we will be able to achieve sustainable improvement in profitability.

The biggest strength of our Company is our business model and our product portfolio which allows us to cater to the core sectors of the economy

Expected capacity utilisation by Indian aluminium smelters by FY17.

75%

Q: What has the Company done to strengthen and protect its Balance Sheet?

A: We have laid a keen emphasis on strengthening our Balance Sheet. During FY16, we reduced our debt by ₹225 Crores, from ₹1030 to ₹805 Crores. Moreover, we repaid ₹47 Crores which we owed on account of the settlement of the currency swap (from INR to US$) on NCD loan. We also reduced our net working capital from 55% in 2013-14 to 41% of revenue from operations during the year.

During the year, we converted a Deep Discounted Debenture (DDD) of ₹62.08 Crores into equity, resulting in an increase in the promoter's stake in the Company (from 44.63% to 48.95%) – reaffirming our trust in the Company's fundamentals. This will also save ₹61 Crores in interest payouts during the next six years.

One of the key things I wish to communicate to our shareholders is that net debt of the company reduced by ₹225 Crores during 2015-16, including the repayment of long-term debt of ₹122 Crores, even as the financials appeared stressed. We aim to continue sweating our assets to the maximum, generating attractive surpluses, liquidating debt and strengthening our Balance Sheet – in short, enhance value for all our shareholders.

1. Tushar Choudhary
   President, Operations
2. Anurag Choudhary
   CEO
3. Amit Choudhary
   President, Projects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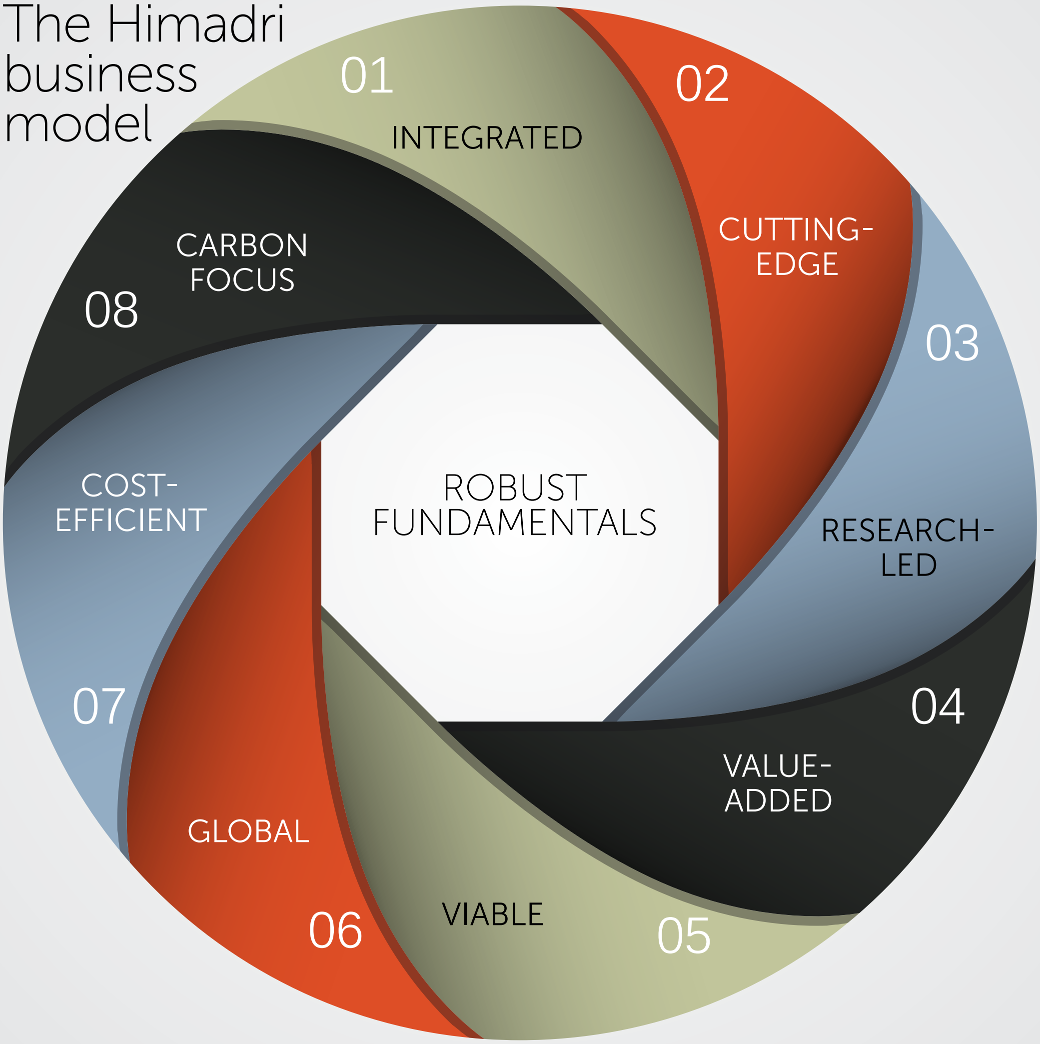
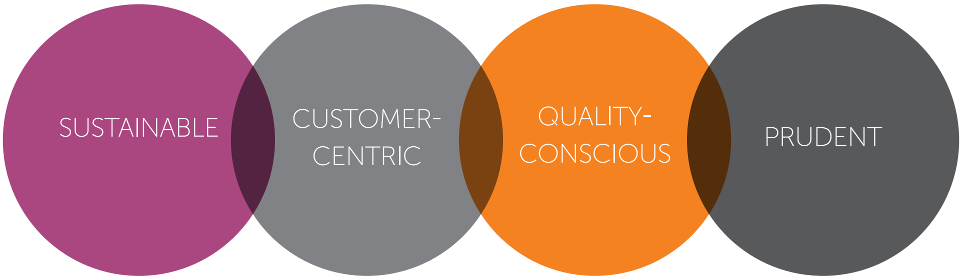
Management discussion and analysis

1 The Himadri business model



OPERATIONAL CULTURE



ROBUST FUNDAMENTALS

Carbon focus: The Company is focused on leveraging the opportunities emanating from a single product – carbon. Carbon is a key component of multiple speciality value-added products that address essential requirements of contemporary lifestyles. The Company manufactures various derivatives of carbon, which get used by industries like aluminium, graphite, tyres, lithium-ion batteries, plastics, paints and dyes, anti-corrosives, and construction chemicals, among others.

Integrated: The Company is the largest vertically-integrated coal tar pitch manufacturer in India. The feedstock coal tar is distilled into coal tar pitch and the Company also derives byproducts to create speciality chemicals for downstream users and also for power generation for captive consumption. This makes it possible for the Company to moderate raw material costs – the output of one process becomes the raw material of another. In addition, the Company is able to moderate its working capital outlay and ensure qualitative consistency.

Cutting-edge: Himadri has always been at the forefront when it comes to adapting top-of-the-line technologies. The Company was among the first to use complete stainless steel lines in its carbon black plant when the conventional metal lines were causing metallic particles to get embedded inside the final products. Himadri has invested time and effort in developing anode materials for lithium-ion batteries to make its presence felt in this sunrise sector.

Research-led: The Company has in place a knowledgeable R&D team, which works relentlessly on fine-tuning process dynamics as well as removing product glitches. The R&D lab of the Company has been recognised by the Department of Scientific and Industrial Research.

Value-added: Himadri has made a name for itself by creating value-added products out of the byproducts derived from distillation of coal tar. These value-added products are critical for several downstream industries. The Company is among the select few in the world to specialise in the manufacture of these products and this unique identity has helped it emerge as one of the preferred suppliers to numerous domestic and international clients.

Viable: The Company's principal product is demand-inelastic. Coal tar pitch is used in aluminium and graphite electrode manufacture; the use of the product is indispensable and these downstream users have seldom discontinued production, virtually insulating the offtake of coal tar pitch even in an economic downturn. Due to its intrinsic linkage in the manufacture of core economy products, coal tar pitch is a reliable national economic proxy.

Global: Himadri is establishing pan-Indian and global operations by forging long-term relationships and strengthening its logistics network. The Company exported products to more than 10 countries, accounting for 12.35% of overall revenues.

Cost-efficient: Himadri has continuously focused on cost-efficiency. The last two years have further strengthened its credentials in this regard. The Company has engaged external consultants to make its operations more efficient and is in the process of implementing their recommendations.

The Company's products are ISO 9001 and ISO 14001-certified.

Debt repaid during 2015-16

₹225 Crores

OPERATIONAL CULTURE

Sustainable: The Company's integrated manufacturing model helps it consume all byproducts, in-house. Himadri ensures stringent compliance with relevant environment management guidelines set down by the Central Pollution Control Board to guarantee that all its sites enjoy zero liquid discharge status.

Relationship-driven: The Company has created enduring relationships with its feedstock suppliers and institutional customers. More than half its revenues were derived from customers who have been engaged with the Company for more than five years; more than half of its output was procured by vendors who have been engaged with the Company for more than five years.

Quality-conscious: Quality is the hallmark of Himadri's products and enables it to sustain longstanding relationships. Given that the Company operates in the niche speciality chemicals space, quality assumes paramount importance. The Company's products are ISO 9001 and ISO 14001-certified.

Prudent: Himadri selected to deleverage its Balance Sheet by repaying debt worth ₹225 Crores during FY2015-16, improving its gearing to 0.91x. The Company reduced its exposure to foreign currency loans in order to de-risk itself from the vagaries of currency fluctuations.

THE IMPACT OF HIMADRI'S BUSINESS MODEL

EBITDA* (₹/cr.)

Earnings before interest, taxes, depreciation and amortisation is measured to judge the operational and administrative efficiency of a company. Himadri's EBITDA grew at a 12 % CAGR in the four years leading to 2015-16.

**EBITDA excludes foreign currency exchange fluctuation gain/loss and other income.*

EBITDA margin (%)

EBITDA margin is a measurement of a company's earnings before interest, taxes, depreciation, and amortisation as a percentage of its total revenue. It provides a clear view on the operating profitability of a company. Even as the sector reported a profitability decline, the Company maintained an EBITDA margin in excess of 8% in the last four years.

Return on capital employed (%)

ROCE is measured to calculate the return received on every rupee invested in a business. It measures the effectiveness of investments made and strength of the business model. Himadri's ROCE improved by 238 basis points from 6.78% in 2012-13 to 9.16% in 2015-16, reflecting the Company's ability to enhance returns.

Net debt-equity ratio (Ratio)

This ratio compares total net debt with net worth (excluding revaluation reserves). A low debt-equity ratio ensures that a higher amount of profit can be distributed among the shareholders and ploughed into reserves; it also indicates a greater flexibility to borrow. The Company's gearing improved from 1.11 in 2012-13 to 0.91 in 2015-16.

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Global economic overview

The Global economy registered a growth of 3.1% in 2015, tumbling from 3.4% in 2014 owing to a slowdown in the majority of the emerging economies (accounting for 70% of global growth), primarily China. The advanced economies fared better and reported a growth of 1.9% in 2015 against 1.8% in 2014.

Outlook

The rebalancing of economic activity in China away from investment and manufacturing and towards consumption and services, freefalling crude and commodity prices and a gradual tightening of the monetary policy in the United States will have a marked impact on the global economy. The slowdown of the Chinese economy is expected to impact global growth. According to World Economic Outlook, April 2016, the global economy is expected to post a growth of 3.2% in 2016 and 3.5% in 2017.

Indian economic overview

Despite global headwinds and a truant monsoon, India's economy grew 7.9% in the final quarter of FY2015-16 to make India the fastest-growing major economy. India posted a five-year high growth rate of 7.6% for FY2015-16 (7. 2% in previous fiscal) led by robust growth in the manufacturing sector. The agricultural sector remained subdued owing to a second successive year of below-par monsoons. Growth in the services sector dipped slightly and was offset by the accelerated growth in the manufacturing sector. Currently, the manufacturing sector in India accounts for ~16% of the country's GDP. With the introduction of several nation-building initiatives this figure is expected to go up to 25% by 2025. The Union Budget 2016-17 announcements were in line with the Central Government's aim of fiscal consolidation.

Outlook

The Central Government has predicted a growth rate of 8% during the current fiscal on the back of a good monsoon. Strong private consumption should continue to propel growth. India is on the verge of implementing a unified GST (Goods and Services Tax), which is expected to create a level playing field for industry players. The GST is expected to lower the indirect tax burden on the industry. It is expected that a median 16% GST rate will raise the GDP by around 1.8%.

Global manufacturing sector overview

Growth in global manufacturing production slowed in the last quarter of FY2015-16, marked by weaker growth in developing and emerging economies. Global manufacturing output rose just 1.9% during the same period. After a short-lived improvement in the first month of 2015, growth in industrialised economies decelerated. As a result of a stronger US dollar, exports from United States declined while restrained growth in China affected consumer demand for commodities imported from Europe. The manufacturing output of industrialised economies rose by a mere 0.2% in the fourth quarter of 2015. Growth was pegged at 0.9% in North America, and 0.6% in Europe. In East Asia, manufacturing output fell by 0.5%. A contraction of 0.6% was observed in Japan. Manufacturing output also fell in the Republic of Korea and Singapore.

During the fourth quarter 2015, the manufacturing output of developing and emerging industrial economies grew at a relatively higher rate of 4.6%. However, this growth was lower than the 5.2% registered in the previous quarter. Nevertheless, developing and emerging industrial economies accounted for more than 80% of the global manufacturing growth. The manufacturing output of China rose by 6.5%, lower than the 7.0% in the previous quarter. This was the lowest growth rate since 2005. A more severe decline was observed in Latin America. The manufacturing output of Brazil dropped by 12.4% in the fourth quarter of 2015. Manufacturing output also plunged in Argentina, Chile and Colombia.

Outlook

Looking ahead, manufacturing earnings and exports are expected to catalyse economic prosperity causing nations to develop manufacturing capabilities by investing in high-tech infrastructure and employee skilling. As such, advanced technologies have become essential to ensure competitiveness on a global scale.

3

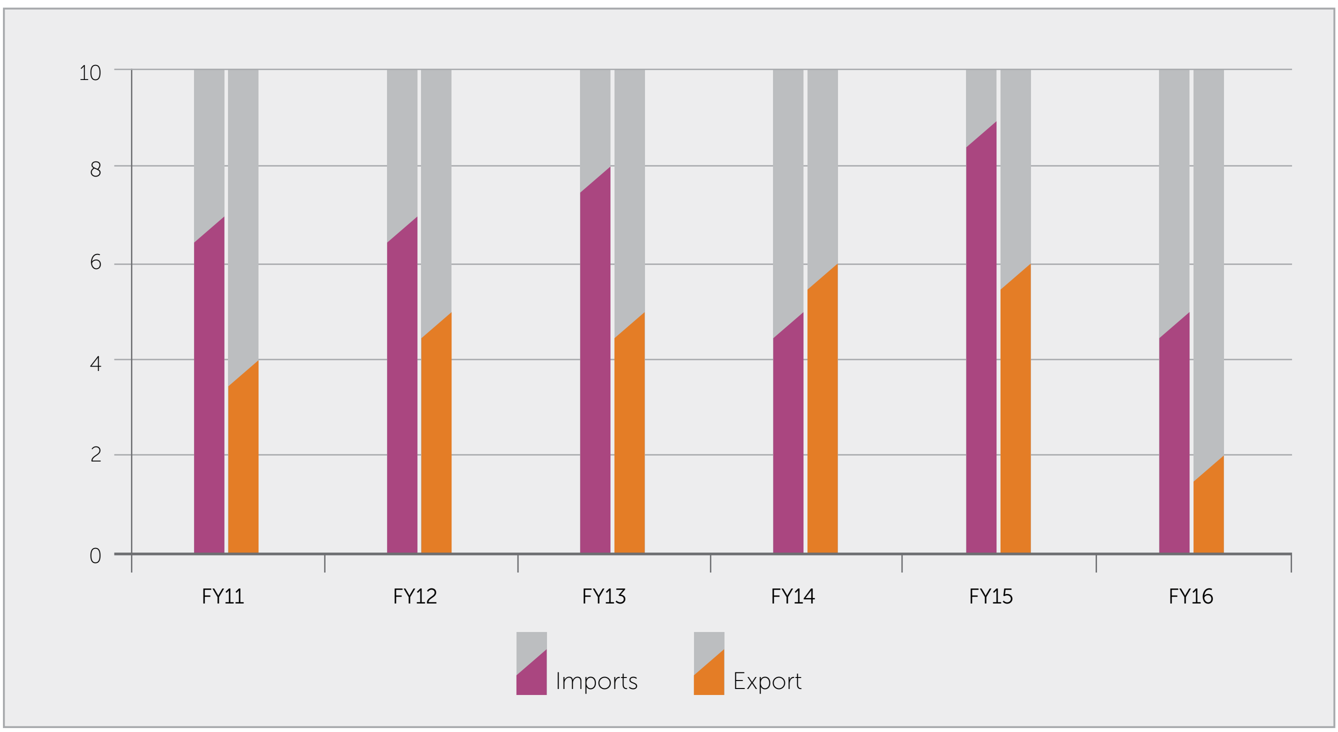
Industry overview

Steel

The global economy is going through a difficult phase as markets adjust to slower levels of Chinese growth. Global crude steel production was 1,621 million tonnes for FY2015-16, down by 2.9% compared to FY2014-15. During the fiscal, China accounted for a 44.8% share of the global market for steel (by volume), compared to 45.9% in FY2014-15.

Global crude steel production for 66 countries reporting to the World Steel Association stood at 135 million tonnes in April 2016, a 0.5% decline compared to April 2015. China's crude steel production for April 2016 stood at 69.4 million tonnes, an increase of 0.5% compared to April 2015.

Steel imports and exports (in million tonnes)



(Source: Ministry of Steel, JSPL, Tech Sci Research)

India is the world's third-largest producer of crude steel (up from eighth in 2003) and is expected to become the second-largest producer by end-2016. The growth in the Indian steel sector has been driven by adequate availability of iron ore and access to a cost-effective labour force. During FY2015-16, India attempted to restrict the import of cheap steel from China to protect domestic production and supply volumes. India's crude steel production stood at 67.077 million tonnes during the April-December 2015 period. *(Source: worldsteel.org)*

With growth in demand for steel outpacing growth in production, imports increased. India was a net importer of steel till FY2013-14, but turned into a net exporter in FY2014-15. This reversed in FY2015-16 when India imported 9.32 million tonnes of steel and exports declined to 5.59 million tonnes from 5.98 million tonnes during FY2013-14. During FY11-15, steel imports grew at a CAGR of 9.01%, whereas, exports increased at a CAGR of 11.32%. Total domestic demand for steel was estimated at 113.3 million tonnes during FY2016-17. *(Source: IBEF)*

Global steel production over the years
(million tonnes per annum)

2011 – 1,538

2012 – 1,560

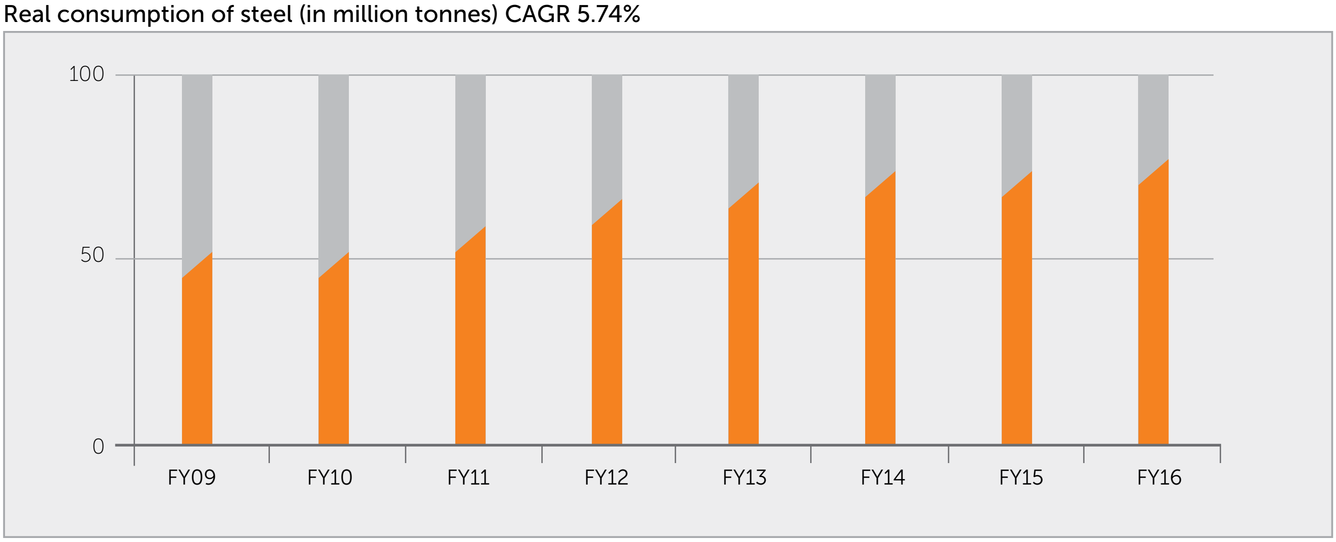
2013 – 1,650

2014 – 1,670

2015 – 1,621

[Source: World Steel Association]

Real consumption of steel (in million tonnes) CAGR 5.74%



[Source: Ministry of Steel, Tech Sci Research, WSA]

Governmental initiatives

The Government of India aims to scale steel production in the country to 300 million tonnes by 2025. Crude steel production capacity stood at 109.85 million tonnes in 2014-15. The Ministry of Steel decided to invest in modernisation and expansion of steel plants under Steel Authority of India Limited and Rashtriya Ispat Nigam Limited. This will enhance crude steel production from 12.8 million tonnes per annum to 21.4 million tonnes per annum.

The operationalisation of the Steel Research and Technology Mission of India, in association with the public and private sector steel companies, will spearhead R&D activities by leveraging an initial corpus of ₹200 crore (US$ 31.67 million) to improve domestic steel quality and enhance global competitiveness (Source: indiainbusiness.nic.in).

Opportunities

The steel industry fortunes are linked to growth in sectors like infrastructure, aviation, engineering, construction, housing, automobiles, pipes and tubes, among others. Himadri's primary raw material is coal tar, the availability of which is directly linked to steel production. With steel production growing, availability of domestic coal tar is expected to increase leading to a reduction in imports.

Aluminium

Global aluminium demand growth has historically tended to outperform other metals. Aluminium prices declined sharply in the last quarter of FY2015-16 due uncertainties related to Greece and demand de-growth in China. World aluminium consumption was estimated at 57 million tonnes during FY2015-16, making aluminium the world's second most consumed metal, after iron. During the FY11-15 period, global aluminium consumption grew at a CAGR of 7.4%.

For the year ending March 2016, China accounted for nearly 53% (31 million tonnes) of the total global production of 57.7 million tonnes, 5.2% higher than the 54.8 million tonnes in the previous year. India's aluminium demand was estimated at 1.94 million tonnes during FY2015-16, representing a 3.4% share of the global demand. Domestic demand increased at a 5-year CAGR of 5.6% FY2015-16.

The per capita consumption of aluminium in India is low (1.4 kilograms) compared to the global average of 8 kilograms, providing adequate headroom. Prices of Indian aluminium are, however, closely linked to global prices and influenced by global demand-supply dynamics.

Outlook

The Central Government's thrust on the power sector bodes well for aluminium consumption in India. With an improvement in India's IIP and GDP, domestic demand for aluminium is likely to increase at an annual average growth rate of 7-8% over the FY2016-18 period. India's primary aluminium production capacity is expected to increase from 1.8 million tonnes per annum to 4.7 million tonnes per annum by end-FY2016-17. Alumina production capacity is forecast to increase by 8.7 million tonnes per annum to 13.3 million tonnes per annum, with around 4 million tonnes per annum of the capacity being over and above the domestic requirement. The transportation segment is expected to account for 40% of this demand, followed by the construction, power and electrical sectors. [Source: iMacs Research]

Tyres

The domestic tyre industry reported an overall growth of near 6% during the year under review. The demand was driven by both the OEMs and the replacement market. The domestic industry was impacted by imports, especially from China. The growth in this sector is being driven by downstream demand growth and progressive radialisation.

Outlook

Looking forward, the domestic tyre industry is likely to do better in the coming year with demand expected to grow in the range of 4-6% according to ICRA. With the build-up of accruals and expectation of demand improvement, tyre manufacturers are expected to continue to invest in capacity expansion, particularly in the two-wheelers segment (Sources: Business Standard, Economic Times, ICRA)

Construction chemicals

The construction chemicals industry has a variety of products, ranging from admixtures to flooring chemicals, sealants, grouts, and water-treatment chemicals. These products find extensive usage in the construction industry. The strength of concrete has increased dramatically due to development of construction chemicals. The size of India's construction chemical market stood at US$573.2 million in 2014. India's construction chemical sector consists of a variety of products ranging from admixture to sealants. Admixtures form the largest segment with a 42% share, followed by adhesives and sealants at 18%. Governmental restrictions on on-site mixing have boosted demand for ready-mix concrete a sector expected to rapidly increase will in turn drive the demand for the use of concrete admixtures.

Outlook

By 2019, the construction chemicals sector is set to touch US$1146.4 million. The construction chemicals market is assured of substantial growth due to the construction and manufacturing boom in India. The demand for construction chemicals is expected to develop steadily and will be visible in 2016, when the government's policy and project announcements take concrete shape on the ground. The Government of India released a list of 98 cities and towns as part of the '100 Smart Cities' mission with a projected Central Government spending of ₹48,000 crore across the next five years. The construction chemicals sector will play a crucial role in developing robust and sustainable infrastructure in the planned cities and towns. (Source: IBEF)

4 Himadri's product mix

Coal tar pitch

HIGHLIGHTS, 2015-16

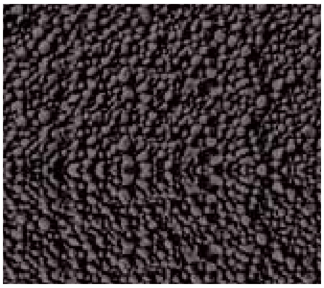
- Enhanced volume by 6.98%
- Reported a superior performance in the second half of the year following muted growth in the first two quarters
- Handed over retrofitted consignments to the defence industry -vindicating Himadri's qualitative excellence

Himadri is the largest producer of coal tar pitch in the country and caters to two-thirds of the requirement for Indian graphite and aluminium industries.

Coal tar pitch is a speciality product that plays a key role in determining the product quality and production efficiency of aluminium and graphite manufacturers. Coal tar pitch is a byproduct generated through the processing of coal into coke during steel manufacturing. The aluminium industry too is a key driver of coal tar pitch demand. However, coal tar pitch contributes only 2% of the total cost of production of aluminium. Coal tar pitch is used as a binder in anodes during the production of aluminium. Himadri is the largest producer of coal tar pitch in the country and caters to two-thirds of the requirement for Indian graphite and aluminium industries. It is also one of the few global manufacturers to produce Zero QI (Quinolene Insoluble) – coal tar impregnated pitch and advanced carbon material. Himadri is the largest player in the coal tar pitch segment in India with a market share of more than 70%. During the last three years, domestic consumption growth did not rise significantly consequently affecting the demand for coal tar pitch as well. However, the current year has seen a complete about turn in demand trends with a proportionate increase in domestic consumption.

Outlook

With the economy starting to recover and the Central Government laying a keen emphasis on infrastructural improvement, the demand for aluminium is expected to surge in the domestic market. With the expected additions to smelter capacities in India, it is expected that the coal tar pitch demand will also rise. Strategically located plants, a dedicated transportation fleet and a top-notch portfolio will allow Himadri to capitalise on these ensuing opportunities.



Carbon black

HIGHLIGHTS, 2015-16

- Highest ever annual production volumes achieved with an increase of 11.55%
- Successfully launched speciality carbon blacks with them constituting 10% of the product portfolio

Himadri is among the leading manufacturers of carbon black in India.

Carbon black is renowned as the world's best reinforcing material for rubber products and also finds applications as a raw material in ink, paint and battery industries, among others. Global tyre manufacturers consume nearly 65% of the total carbon black demand. Recent changes in the global carbon black industry landscape indicate that most of the carbon black manufacturing capacities are converging towards Asia. This has fuelled the establishment of new manufacturing capacities in China and India. The carbon black industry in India is expected to grow at a CAGR of 9% during the FY2012-17 period. The rapid growth in automobile and chemical industries and adequate availability of resources is driving the carbon black market in the region. Carbon black is one of the most important industrial chemicals in the world and enjoys downstream demand across industries including rubber, plastics, coatings, inks and batteries. Himadri, via its 1.2 lakhs tonnes per annum facility at Mahistikry is capable of producing all variants for diverse industries.

Himadri is among the leading manufacturers of carbon black in India. Himadri enjoys access to superior, consistent and customised raw material feed from its in-house distillation unit. Himadri continued to work on strategic initiatives in the carbon black sector in terms of sourcing, manufacturing and marketing. Global operational consultants were appointed to help improve manufacturing efficiencies and, thus, the bottomline.

Himadri has now successfully launched and marketed its speciality carbon black range. These carbon blacks are high-performance and cater to niche applications in plastics (food and non-food grade), fibre and inks, among others. Himadri has seven products in this segment and is in the process of developing and launching more products to address critical industry requirements. With its R&D strength and fully-functional application labs for speciality carbon blacks, Himadri has gained an elite status when it comes to manufacturing speciality products and is bullish about its expansion plans.

Outlook

The extension of anti-dumping regulations on Chinese products including carbon black has given the domestic industry a much-needed boost in the global marketplace. Following the implementation of a slew of strategic initiatives, Himadri expects to improve its divisional profit sustainably. With its focus on speciality carbon blacks, Himadri is expecting to improve product stickiness and margins. Going ahead, Himadri aims to focus on predominantly speciality carbon blacks and the Company has developed a number of products for non-rubber applications as well.

Sulphonated naphthalene formaldehyde (SNF)

HIGHLIGHTS, 2015-16

Emerged as the sole pan-India SNF player catering to the requirements of all major construction chemical companies

Over the years, Himadri has emerged as the largest Indian manufacturer of sulphonated naphthalene formaldehyde with an installed capacity of 68,000 tonnes per annum.

At Himadri, SNF condensate is produced in liquid and amorphous forms from naphthalene, one of the byproducts of coal tar distillation.

A product derived from backward integration, sulphonated naphthalene formaldehyde is a speciality chemical condensate that helps improve concrete mixes by dispersing cement particles for extended workability and reinforcing compressive flexural strength.

Over the years, Himadri has emerged as the largest Indian manufacturer of sulphonated naphthalene formaldehyde with an installed capacity of 68,000 tonnes per annum.

Outlook

Although concrete finds mass usage across India, the penetration of sulphonated naphthalene formaldehyde admixture in concrete is less than 10% against a high global average. With demand for quality and high strength constructions growing, admixture demand in consistently on rise. However, dumping of SNF from China poses a threat for the domestic industry.

68,000 tonnes

Himadri's installed capacity per annum of sulphonated naphthalene formaldehyde, the largest in India.

Poly Carboxylate Ether (PCE)

HIGHLIGHTS, 2015-16

Widened the product portfolio by launching five variants

Himadri launched the Himflowcrete series of poly carboxylate ether-based admixtures – the only brand manufactured in India.

PCE-based admixtures are next generation products used in high-strength, high-performance concrete. The poly carboxylate ether-based admixtures market is expected to outperform the broader market till 2019, primarily due to increasing naphthalene prices and growing adoption of the cost-effective PCE-based admixtures.

Himadri launched the Himflowcrete series of polycarboxylate ether-based admixtures – the only brand manufactured in India . The Company manufactures five variants of PCE-based admixtures comprising high-retention and water-retention polymers.

Outlook

Domestic and multinational admixture manufacturers are scaling their high-end polycarboxylate ether capacities. According to an industry report, sectoral revenues are projected to grow at a CAGR of more than 12% during the FY2014-19 period. With growing focus on infrastructure construction, the PCE portfolio is expected to grow significantly in the coming years.

ADVANCED CARBON MATERIALS

HIGHLIGHTS, 2015-16

- Gained approvals for synthetic and natural graphite products
- Marketed products in Japan, Korea and China

Himadri is the first Indian company to develop anode material for lithium-ion batteries. Only few companies in Japan and China have the technology to develop such anode materials. Himadri has begun successfully marketing its product with lithium-ion battery makers and is planning to expand its production facilities. The product is manufactured using best-in-class proprietary technology which involves coal tar treatment into specialised pitch, carbonisation, graphitisation and power processing. All processes - from manufacturing to quality control - are conducted at the Company's state-of-the-art in-house facility.

Lithium-ion batteries technology is primarily concentrated in Asia with Japan, Korea and China owning most of the technology. The demand is being led primarily by three usages - consumer electronics (primarily in smartphones, laptops and cameras, among others), electric vehicles and energy storage solutions. While smartphones account for bulk of the demand currently, electric vehicles are expected to grow exponentially in the coming years. The consumption pattern of anode materials are slowly shifting from natural to synthetic graphite. Himadri offers anode materials in both synthetic and natural varieties.

Himadri has the unique advantage of having in-house access to raw material, making it the only anode material company in the world to enjoy this benefit. This ensures consistent quality and supply, which are critical for this product. Himadri's anode material is of superior quality compared to its Chinese counterparts in terms of capacity and density. With consumer demand for longer battery lives increasing consistently, these products will play a key role in addressing consumer aspirations.

Outlook

Plans have been laid to expand the Company's anode material production capacity. The Company will take the advantage of its integrated manufacturing facility to reduce logistics and energy costs. By leveraging this cutting-edge product, next-generation materials are being developed to address customer requirement.

Power

The Company has two power plants with capacity of 12 megawatts and 8 megawatts. They run on carbon black off-gas and produce green and clean power. The plant powers the entire integrated complex at Mahistikry and the excess power is sold to the State Grid. Additionally, the Company has two windmills in Maharashtra capable of generating 2.5 megawatts of wind energy.

5

Financial performance

Consolidated highlights

Consolidated net sales stood at ₹118,343 lakhs during FY2016, compared to ₹143,798 lakhs in FY2015. Earnings before interest, taxes depreciation and amortisation stood at ₹16,042 lakhs during FY2016, as compared to ₹13,106 lakhs in FY2015. Profit after tax stood at ₹(1,624) lakhs during FY2016, compared to ₹(1,243) lakhs in FY2015.

Standalone highlights

Standalone gross sales stood at ₹128,995 lakhs in FY2016. Net sales stood at ₹115,184 lakhs during FY2016, as compared to ₹137,750 lakhs in FY2015. Sales volumes increased by 10% y-o-y but due to a decline in sales prices resulting from a sharp decline in oil prices globally, revenues did not increase as expected. Earnings before interest depreciation and taxation stood at ₹15,514 lakhs during FY2016, as compared to ₹12,280 lakhs in FY2015. Profit after tax stood at ₹(1,208) lakhs in FY2016 compared to ₹(1,440) lakhs in FY2015.

Shareholder's funds

The authorised share capital of the Company stood at ₹7,000 lakhs in the form of equity shares of ₹1 each which remained unchanged during the year. The paid-up share capital as of 31 March 2016 stood at ₹4,184 lakhs. As of 31 March 2016, Himadri had reserves and surplus worth ₹84,734 lakhs and net worth amounting to ₹88,918 lakhs.

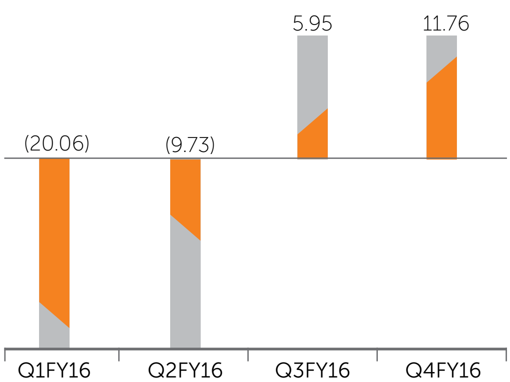
Dividend

The Board considering the consistency in the payment of Dividend and with a view to reward the shareholders, has recommended payment of dividend of 5% (₹0.05 per share) on 418,407,867 equity shares of ₹1/- each for the financial year 2015-16 out of its' accumulated profits, subject to approval of members at the ensuing annual general meeting. The total payout on account of dividend (including dividend tax) will be ₹251.79 lakhs (previous year: Nil).

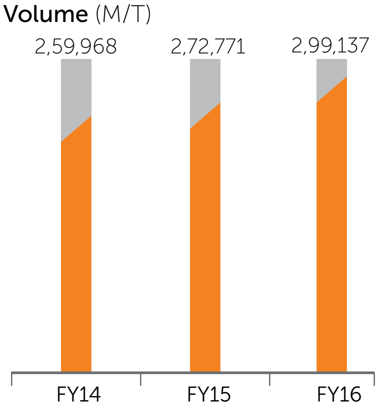
Finance

The Company continued to enjoy working capital facilities from various banks including State Bank of India, Central Bank of India, ICICI Bank, The Hong Kong and Shanghai Banking Corporation, DBS Bank, Citibank, Axis Bank, Yes Bank, IndusInd Bank, Union Bank of India and IDBI Bank. The Company has serviced these debts proactively.

PAT (₹ in Crores)



Sales Volume (M/T)



6 Research and development

Himadri has invested in a strong research and development team working rigorously on process improvement and product development. Owing to their success, the Company's research and development wing has been recognised by the Department of Science and Technology and the Department of Scientific and Industrial Research under the aegis of the Government of India. Himadri's R&D centre is an NABL (National Accreditation Board for Testing and Calibration Laboratories)-accredited lab which has put Himadri's R&D centre among the most elite testing facilities in India. The various research activities of the Company were published in research journals across the world. In each of its business segments, the R&D team has established Himadri's credentials as a research-led Company, through the following initiatives:

- Development of in-house stainless steel line for advanced carbon materials in order to eliminate any metal particle in the products owing to corrosion in regular metal lines. This unique proprietary process for producing anode material for lithium-ion batteries enhances capacities of synthetic batteries.
- Development of Zero-QI pitch (only two other companies can produce it globally).
- Development of speciality carbon black range.
- Development of next-generation PCEs, thereby making Himadri the only Indian company to be able to manufacture this cutting-edge product.

7 Sustainability

Globally, the need to create sustainable livelihoods is gaining currency and countries are pledging allegiance to stringent norms to preserve the environment.

Himadri has created a sustainable business by complying to established regulations to ensure all its activities are socially and environmentally responsible. The Company has also made significant investments towards undertaking eco-friendly measures and this has helped in making its plant a 'zero liquid discharge' plant. Employees and other stakeholders are encouraged to conserve natural resources like water, fuel, energy so as to build an environment-friendly workplace.

Himadri had engaged leading global environmental specialists to conduct third-party audits of its environment safety measures and their impact on the environment. These auditors comprehensively review all key parameters at its facilities including surface water, soil and groundwater toxicity levels. Himadri has reaffirmed its credentials as 'zero liquid discharge'.

As a responsible business organisation, the safety and well-being of employees and communities occupies the foremost spot on the Company's priority list.

Himadri's efforts towards workplace safety have been recognised with the prestigious 'Fire Safety' award for corporates in the Eastern zone during the last two years.

8

Managing business Risks

Every business is marked by risks. The Company identified and assessed the risks associated with its business and correspondingly ensured optimal application of resources so as to remove hurdles and maximise realisations.

Industry risk

This risk refers to uncertainties arising from a reduction in demand.

Mitigation

The Indian economy is on the mend and is expected to grow at a rate of 7.5% in FY2016-17. The Central Government's thrust on the power sector bodes well for aluminium industry as the power sector is a strong driver of aluminium consumption in India. With an improvement in India's IIP and GDP, domestic demand for aluminium is likely to increase at an annual average growth rate of 7-8% over the FY2016-18 period. This is expected to strengthen the demand for the coal tar pitch and ancillary products.

Environmental risk

This refers to actual or potential threat on the environment via effluent discharge, harmful emissions, improper waste management, resource depletion, among others.

Mitigation

Himadri facilities are zero-discharge from environment perspective. Himadri has in place a state-of-the-art effluent treatment plant and a waste heat-based power plant. The waste gas generated from coal tar manufacturing is consumed in-house and in turn minimises impact on the environment. Furthermore, the Company conserves natural resources like water, fuel, energy and builds environmental awareness among employees through regular interactive sessions. Finally, the Company has maintained an immaculate track record when it comes to ensuring compliance with relevant environmental legislations.

Operational risk

This refers to the probability of loss stemming from the internal inadequacies or a breakdown in controls, operations, or procedures.

Mitigation

Himadri has been engaged in this business for the past 25 years and has made a name for itself by continuously upgrading equipment and honing the skills of its R&D personnel. The operations are ISO 9001 and ISO 14001 certified. The Company has a capable internal audit team in place which continuously analyses instances of operational failure and figure out ways and means to prevent their recurrence.

Funding risk

This refers to the probability of loss resulting from higher funding costs, or from a lack of funds to finance a project.

Mitigation

The cash profit and the net debt-equity ratio of the Company stood at ₹51 Crore and 0.91x, respectively, as on 31 March 2016 reflecting the Company's ability to borrow additional funds without much hassle, if required. Moreover, Himadri has been backed by reputed financers like Bain Capital and IFC, highlighting its reputation in the marketplace.

Logistics risk

This refers to the probability of losing one's customers due to an inability to meet delivery schedules.

Mitigation

The location of the Company's plants have been chosen keeping in mind that there are no logistical barriers when it comes to transporting raw materials and the final products. The Company has set up smelting plants close to customer locations and has deployed a specialised fleet of liquid pitch tankers to mitigate these risks. Plants are well connected through various transportation modes (like railways and roads). Himadri is only one Company in India with a liquid pitch terminal in China. The Company's units are proximate to ports, facilitating easy exports.

Geographic risk

This refers to an overt dependence on a single geography which could affect the productivity of the organisation.

Mitigation

The organisation has got seven manufacturing facilities spread across India in West Bengal, Gujarat, Andhra Pradesh and Chhattisgarh. Besides, the Company has exports presence in over 10 countries across the globe.

Competition risk

This refers to the probability of loss resulting from a decline in a firm's competitiveness.

Mitigation

Himadri stays ahead of competition through cutting-edge products and constant technological improvements. Given that most of the products are Speciality chemicals, the customer stickiness is high. It is engaged in producing wide range of carbon products like coal tar pitch, chemical oils, carbon black as well as green power.

Currency risk

This refers to a potential risk of loss stemming from fluctuating foreign exchange rates.

Mitigation

The Company hedges its foreign currency position periodically to protect itself from foreign currency fluctuation risks. Besides, it has substantially reduced its dependency on foreign currency loans to reduce its exposure to the same.

Raw material risk

This refers to vagaries in supply of raw materials which could hinder production and affect profitability.

Mitigation

The Company enjoys long-term relationships with all its major raw material suppliers. Moreover, Himadri strategically imports raw materials based on prevalent global, economical and demand-supply dynamics, thereby optimising costs.

9

Human resources and industrial relations

Employees are the most valuable assets of Himadri. During the year, the Company focused on building a robust and diverse talent pipeline and enhancing individual and organisational capabilities. This enhanced Himadri's future-readiness, drove employee engagement and strengthened relations. Himadri encourages passion, commitment, innovation and meritocracy, and this has enabled the Company to sustain its sectoral leadership. Himadri is focused not only on attracting, but also retaining talented individuals across the Company's global business units. It does this by ensuring that its employees' professional growth is consistent with their aspirations and capabilities, and also within the framework of the corporate goals.

Formal channels have been established for employees to share their views and opinions with the management. The Company assesses the feedback and incorporates relevant changes into the existing policies, systems and processes, if needed.

During the year under review, Himadri maintained cordial relationship with all its employees. The Directors would like to acknowledge and appreciate the contribution of all employees.

The management is committed to develop human resources so as to ensure sustainability and long term growth.

Health and safety measures

Himadri has always considered health and safety of its employees as an essential and integral part of each and every activity. Accidents and risks to health are prevented through continual improvement in the working environment and safety measures. All employees are covered by health insurance policies.

The Company is committed towards protecting the environment, ensuring a safe workplace and conserving natural resources. Himadri has established a safety, health and environment committee to ensure security within and in the vicinity of its facilities.

Industrial relations

The Company maintained close and cordial relations with its workforce. As a result there were not any stoppages in work at any of the plant or any action taken against the management. Himadri takes sufficient care of its employees across levels and provides adequate motivation as well as a friendly environment. During the year, employee relationships remained cordial through the adoption of productive and performance-based policies. This is evident from the fact that there have been zero work interruptions in the last six years.

10

Social welfare activities

The management undertakes welfare activities in the villages around the plants to benefit the communities at large. In line with the objective of Himadri's CSR policy, employees are encouraged to work toward the welfare of the society. They come in voluntarily and get actively involved in various CSR activities of the Company. These include:

- Donating food and clothes
- Helping during times of natural calamities like floods and droughts
- Repairing village roads
- Building temples at adjoining villages
- Distributing books for free among needy students (elementary to post-graduate level)
- Organising free eye, hernia check-up and blood donation camps
- Running a free round-the-year village medical centre near Mahistikry Plant
- Refurbishing the Mahistikry Village School so as to lift it to higher secondary-level with provisions for students to pursue the science stream from the erstwhile *madhyamik* standard by setting up physics, chemistry and biology laboratories and building nine spacious classrooms within a three-storied structure
- Awarding meritorious village students on an annual basis
- Arranging community marriages and empowering women with self-employment opportunities
- Contributing to homes for the elderly and donating free clothes and monthly groceries to homes for destitute children.

The Board has formulated a Committee to be known as CSR Committee with Mr. Santimoy Dey, Mr. Sakti Kumar Banerjee, Independent Non-Executive Directors and Mr. Shyam Sundar Choudhary, Whole Time Director of the Company as its members. This is in compliance with the provisions of Section 135 of the Companies Act, 2013. The Committee has laid a policy on CSR covering the projects to be undertaken by the Company for this purpose.

In line with the objective of Himadri's CSR policy, employees are encouraged to work toward the welfare of the society.

Statutory compliance

The Company Secretary, as the Compliance Officer, ensures that the Company complies to SEBI regulations and provisions of the Listing Agreement. The Chief Financial Officer, the Chief Executive Officer and Managing Director act as Compliance Officers for the prevention of insider trading. With a view to cover the risk of compliance with various rules and regulations of the Companies Act, SEBI directives and the Listing Agreement, the Company has appointed Internal Auditors to ensure reporting of any potential non-compliance. Compliance certificates are obtained from various managerial personnel to ensure compliance to various statues.

Internal control systems and their adequacy

In Himadri, the Board of Directors are responsible for ensuring that internal financial controls have been laid down in the Company and that such controls are adequate and are functioning effectively. Himadri has policies, procedures, control frameworks and management systems in place that map into the definition of Internal Financial Controls as detailed in the Companies Act, 2013. These have been established at the entity and process levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording of financial and operational information.

The senior management reviews and certifies the effectiveness of the internal control mechanism over financial reporting, adherence to the code of conduct and Company's policies for which they are responsible and also the compliance to established procedures relating to financial or commercial transactions, where they have a personal interest or potential conflict of interest, if any.

Himadri uses services of independent internal auditors to strengthen the internal controls process. There are well established comprehensive internal control systems, processes, rules, policies and procedures for effective monitoring and control of the entire operations of the Company and its subsidiaries.

The audit plan is approved by the Audit Committee, which reviews compliance to the plan. During the year, the Audit Committee met regularly to review reports submitted by the Auditors. All significant audit observations and follow-up actions thereon were reported to the Audit Committee.

The Audit Committee also met the Company's Statutory Auditors to ascertain their views on financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls and systems followed by the Company. The Management acted upon the observations and suggestions of the Audit Committee.

Board's Report

Dear Shareholders,

Your Directors are pleased to present the 28th Annual Report, together with the Audited Financial Statements and the Auditors' Report thereon for the financial year ended 31 March 2016.

State of affairs of the Company

The financial performance of the Company for the financial year ended 31 March 2016 is summarized below:

Amount in ₹ Lakhs

	Standalone		Consolidated	
	2015-16	2014-15	**2015-16**	2014-15
Gross Turnover	**128,995.18**	155,359.62	**132,154.69**	161,408.21
Other Operating Income	**82.92**	167.96	**82.92**	167.96
Other Income	**1,240.17**	1,495.92	**1,033.84**	1,309.05
Total Revenue	**116,424.03**	139,245.78	**119,377.21**	145,107.50
Operating Profit	**14,942.47**	13,050.04	**14,939.39**	13,732.76
Less: Finance Costs	**10,221.83**	10,150.66	**10,334.05**	10,263.02
Depreciation	**6,371.56**	5,535.87	**6,704.74**	5,917.62
Profit / (Loss) before exceptional item and tax	**(1,650.92)**	(2,636.49)	**(2,099.40)**	(2,447.88)
Add: Exceptional Item – Profit on sale of Investment in subsidiary	**-**	-	**-**	-
Profit / (Loss) before tax	**(1,650.92)**	(2,636.49)	**(2,099.40)**	(2,447.88)
Provision for tax				
Net Current Tax	**(5.31)**	64.10	**(5.31)**	64.10
Deferred Tax Charge / (Credit)	**(438.01)**	(1,260.52)	**(438.01)**	(1,260.52)
Profit / (Loss) after tax (before adjustment of minority interest)	**(1,207.60)**	(1,440.07)	**(1,656.08)**	(1,251.46)
Minority Interest	**-**	-	**(32.37)**	(8.45)
Profit / Loss for the year	**(1,207.60)**	(1,440.07)	**(1,623.71)**	(1,243.01)
Add: Surplus brought forward	**25,545.49**	28,055.02	**21,814.49**	24,128.64
Add: Depreciation charge (Net of deferred tax of ₹125.51 lakhs)	**-**	(237.14)	**-**	(238.82)
Surplus available for appropriation	**24,337.89**	26,377.81	**20,190.78**	22,646.81
Appropriations				
Transfer to Debenture Redemption Reserve	**(678.57)**	(832.32)	**(678.57)**	(832.32)
Proposed Equity Dividend	**(209.20)**	-	**(209.20)**	-
Corporate Equity Dividend Tax	**(42.59)**	-	**(42.59)**	-
Balance carried to Balance Sheet	**23,407.53**	25,545.49	**19,260.42**	21,814.49

Debenture Redemption Reserve (DRR)

In terms of Section 71(4) of the Companies Act, 2013 the Company has transferred a sum of ₹678.57 lakhs to the credit of Debenture Redemption Reserve out of its profits from the previous years for the purpose of redemption of Non-Convertible Debentures issued by the Company.

During the year, 12,300 Deep Discount Debentures (DDD) were converted into 32,675,297 equity shares of the Company at a price of ₹19/- per share with the approval of Shareholders by passing a special resolution at the Extra-Ordinary General Meeting held on 22 March 2016 and upon such conversion, the resulted amount aggregating to ₹2,152.50 lakhs lying in Debenture Redemption

Reserve Account against such DDD was reversed and taken back into the credit of General Reserve Account of the Company.

Dividend

The Board considering the consistency in the payment of Dividend and with a view to reward the shareholders, has recommended payment of dividend of 5% (₹0.05 per share) on 418,407,867 equity shares of ₹1/- each for the financial year 2015-16 out of its' accumulated profits, subject to approval of members at the ensuing annual general meeting. The total payout on account of dividend (including dividend tax) will be ₹251.79 lakhs (previous year: Nil).

Financial summary or highlights

i) Financial Performance - Standalone

Total Revenue of the Company was ₹116,424.03 lakhs for the year ended 31 March 2016 as against ₹139,245.78 lakhs for the year ended 31 March 2015 - a reduction of 16.39% primarily on account of decline in realization of prices. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/gain and other income was ₹15,514.45 lakhs as compared to ₹12,279.18 lakhs for the previous year. EBITDA for the year is increased mainly on account of higher operating efficiencies and increase in capacity utilization. During FY 2015-16, the Company incurred a loss after tax of ₹1,207.60 lakhs as compared to loss after tax of ₹1,440.07 lakhs in previous year.

ii) Financial Performance – Consolidated

On consolidated basis, the total revenue from operations in FY 2015-16 marginally decreased by 17.73% to ₹119,377.21 lakhs from ₹145,107.50 lakhs in the previous year. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/gain and other income, was ₹16,041.51 lakhs as compared to ₹13,105.69 lakhs for the previous year. During FY 2015-16, the Company incurred a loss after tax of ₹1,623.71 lakhs as compared to a loss of ₹1,243.01 lakhs in the previous year.

Subsidiaries

The Company has an unlisted non-material wholly owned Indian subsidiary Company, Equal Commodeal Private Limited ('ECPL'). The Company also has further two subsidiary Companies 1) AAT Global Limited in Hong Kong in which the Company holds 100% equity through its wholly owned Indian Subsidiary, 2) Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

A report on the performance and financial position of each of the aforementioned subsidiaries as per provisions of sub section (3) of Section 129 the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC-1 is annexed to the Annual Report and hence not repeated here for the sake of brevity.

During FY 2015-16, no Company has become or ceased to be subsidiary, joint venture or associate of the Company.

Consolidated Financial Statements

In accordance with Accounting Standard 21 - "Consolidated Financial Statements" issued in the Companies (Accounting Standard), Rules 2006 notified by the Central Government and as per General instruction for preparation of consolidated financial statements given in Schedule III of the Companies Act, 2013 and in compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), the Company has prepared consolidated financial statements. The Audited Consolidated Financial Statements along with the Auditors' Report thereon forms part of the Annual Report.

Melting Plant at Sambalpur, Odisha

During the previous year, the Company had started setting up a Melting Plant (Coal tar Pitch) at Sambalpur in the state of Odisha to cater the demand of the customers located in the surroundings of Sambalpur. The construction work is in progress and the plant is expected to be operational by the end of Q2 FY 2016-17.

Windmills

During FY 2015-16, the performance of the windmills at Dhule in Maharashtra remained satisfactory and it generated 28,40,726 kwh units of wind energy as compared to 3,081,708 kwh units in the previous year. The revenue generated by the windmills for the year remained at ₹136.76 lakhs as compared to ₹143.59 lakhs in previous year.

Working Capital

The Company continued to enjoy working capital facilities under multiple banking arrangements including State Bank of India, Central Bank of India, ICICI Bank, The Hong Kong and Shanghai Banking Corporation (HSBC), DBS Bank, Citibank, Axis Bank, Yes Bank, Indusind Bank, Union Bank of India and IDBI Bank Ltd. The Company has been regular in servicing these debts.

Revision of Credit Rating

The Credit Analysis & Research Ltd (CARE) has revised the rating assigned to the Company's various credit facilities and debt instruments during FY 2015-16 and those are as follows:

Facilities	Rating
Long-term Bank Facilities	CARE A- (Single A Minus)
Short-term Bank Facilities	CARE A2+ (A Two Plus)
Non-Convertible Debentures	CARE A- (Single A Minus)

Capital Expenditure

During FY 2015-16, Cash outflow on account of addition to fixed assets was aggregating to ₹1,325.07 lakhs (including Capital work in-progress and capital advances).

Directors and Key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013, Mr. Vijay Kumar Choudhary (DIN: 00173858) and Mr. Shyam Sundar Choudhary (DIN: 00173732), the directors of the Company will retire from the office by rotation, and being eligible, offer themselves for re-appointment.

During the year Mr. Rahul Kumar Yadav (DIN: 01649493), Nominee Director of VCIGPM Ltd and Mr. Chandra Shekhar Sarda (DIN: 01649493), an Independent Director of the Company has resigned from the Board. The Board has placed on record its warm appreciation for the valuable contributions made by them during their tenure.

The Company was not required to fill-up the vacancy in the office of Independent Directors, as the number of Independent Director are sufficient to comply with the provision of Companies Act 2013 and also the provisions of SEBI Listing Regulations. The Board met 5 (Five) times during FY 2015-16 with a maximum time gap not exceeding 120 days in between two consecutive meetings.

The constitution of the Board is in Compliance with the provisions of Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations.

The brief resume and other details relating to the Directors, who are to be appointed / re-appointed as stipulated under Regulation 36(3) of the SEBI Listing Regulations, are provided in the Notice of Annual General Meeting forming part of the Annual Report.

The number and dates of meetings held by the Board and its Committees, attendance of Directors and remuneration paid to them is given separately in the attached Corporate Governance Report in terms of Section 134(3)(b) of the Companies Act, 2013.

Further the Company in compliance of the provisions of Section 203 of the Companies Act, 2013 and designated Mr. Bankey Lal Choudhary, Managing Director, Mr. Shyam Sundar Choudhary, Whole-time director, Mr. Vijay Kumar Choudhary, Whole-time director, Mr. Anurag Choudhary, Chief Executive Officer, Mr. Kamlesh Kumar Agarwal, Chief Financial Officer and Mr. Bajrang Lal Sharma, Company Secretary, as the Key managerial Personnel of the Company with effect from 1 April 2014. The above mentioned Key Managerial Personnel do not hold Whole-Time Key Managerial Position in any other Company.

Directors' Responsibility Statement

As required under Section 134(3)(c) read with section 134(5) of the Companies Act, 2013, and as per Schedule II Part C(A)(4)(a) of the SEBI Listing Regulations, your directors confirm that:

a. In the preparation of the annual accounts for the year ended 31 March 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. The Directors have selected suitable accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review;

c. The Directors have taken proper and sufficient care 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. The Directors have prepared the annual accounts on a going-concern basis;

e. The Directors, have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and

f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively;

Declaration from Independent Directors

All the Independent Directors of the Company have given necessary declaration of their Independence to the Board as stipulated in Section 149(6) of the Companies Act, 2013 as required in terms of Section 134(3)(d) of the Companies Act, 2013.

Nomination & Remuneration Policy

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations has formulated a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and senior management which *inter-alia* provides the diversity of the Board and provides the mechanism for performance evolution of the Directors and the said policy is annexed herewith and marked as **Annexure I** forming part of this report.

Material Changes and commitments affecting the financial position of the Company

There were no material changes and commitments occurred after the close of the year till the date of this Report, which affect the financial position of the Company.

Loans, Guarantee, or Investments u/s 186 of the Companies Act, 2013

The Company has provided a loan of ₹200 lakhs to Equal Commodeal Private Limited, a wholly owned subsidiary of the Company, during FY 2015-16 for business purpose. Further, the Company has not made any investments or provided any guarantees during the year under review. However, the details of Loans, investments made or guarantee given are provided in the notes to the financial statements.

Related Party Transactions

The Company has formulated a Policy on Materiality of and Dealing with Relating Party Transaction in terms of Regulation 23 of the SEBI Listing Regulations and the said Policy is posted on the Website of the Company and during FY 2015-16 there were no transactions with related parties which qualify as material transactions under the SEBI Listing Regulations.

All the Related Party Transactions (not material in nature) entered into by the Company during the financial year were in ordinary course of business and on arm's length basis. There have been no materially significant related party transactions between the Company and the Directors, the management, the subsidiaries or relatives. The details of the related party transactions are disclosed as per Accounting Standard – 18 and set out in Note 39 to the standalone financial statements forming part of this annual report.

Extracts of the Annual Return

Pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an Extract of Annual Return as on the financial year ended on 31 March 2016, in Form No. MGT-9 is annexed herewith and marked as **Annexure II** forming part of this report.

Particulars of Remuneration of Managerial Personnel and Employees and related disclosure

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed herewith and marked as **Annexure III** forming part of this Report.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are annexed herewith and marked as **Annexure IV** forming part of this Report.

Auditors and Auditor's Report

- ### Joint Statutory Auditors

  The joint statutory auditors M/s S. Jaykishan, Chartered Accountants and M/s B.S.R. & Co. LLP, Chartered Accountants, retire at the ensuing Annual General Meeting (AGM) and are eligible for re-appointment. The Company has received necessary written consent and certificates under Section 139 of the Companies Act, 2013 from them to the effect that their appointment, if made, shall be in accordance with the conditions specified therein and they satisfies the Criteria as prescribed in Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014. However, M/s S. Jaykishan, Chartered Accountants one of the Joint Statutory Auditor's has expressed their unwillingness to be re-appointed at the ensuing annual general meeting, they would be completing a tenor of ten years as Auditors at the ensuing annual general meeting, since their first appointment was made at the AGM held on 18 September 2006, hence the remaining Statutory Auditors M/s BSR & Co. LLP, Chartered Accountants will be re-appointed and ratified at the ensuing Annual general Meeting.

  M/S BSR & Co. LLP, Chartered Accountants, would be completing their fourth year at the ensuing AGM since their initial appointment made at AGM held on 29 September 2012.

  The Board has placed on record its deep sense of appreciation for the services rendered by M/s S. Jaykishan, Chartered Accountants during their tenure as the Auditor's of the Company.

The Auditors' Report and notes to financial statements are self-explanatory and therefore do not call for any further explanation.

- Secretarial Auditor

  Pursuant to provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Board has appointed M/s MKB & Associates, Practising Company Secretaries, to conduct Secretarial Audit for FY 2015-16. The Secretarial Audit Report, pursuant to Section 204(1) of the Companies Act, 2013, for the financial year ended 31 March 2016 is given in **Annexure V** attached hereto and forms part of this Report.

  The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

- Cost Auditor

  The Cost Auditor, Mr. Sambhu Banerjee, appointed by the Board has submitted the Cost Audit Report within the time limit prescribed under the Act and Rules made thereunder.

  As per Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Board of Directors of your Company has appointed Mr. Sambhu Banerjee as the Cost Auditor for the FY 2015-16 on the recommendations made by the Audit Committee. Your Company has received consent from Mr. Sambhu Banerjee to act as the Cost Auditor of Your Company for the FY 2015-16 along with a certificate confirming his independence.

Vigil Mechanism / Whistle Blower Policy

The Company has formulated a Vigil Mechanism / Whistle Blower Policy in terms of Section 177 of the Companies Act, 2013 and as per Regulation 22 of the SEBI Listing Regulations for the employees to report their grievances / concerns about instances of unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct by means of Protected Disclosure to the Vigilance Officer or the Chairman of the Audit Committee.

The vigil mechanism / whistle blower policy may be accessed on the Company's website at the link: www.himadri.com/Himadri_Policy_on_Vigil_Mechanism_Amended.pdf

Conservation of energy, technology absorption and foreign exchange earnings and outgo

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be given pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, is annexed herewith and marked as **Annexure VI** forming part of this Report.

Risk Management (Risk Assessment and Minimization Procedure)

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. Your Company periodically assesses risks in the internal and external environment, along with the cost of treating risks and incorporates risk treatment plans in its strategy, business and operational plans. The Company has formulated a Policy on Risk Management (Risk Assessment and Minimization Procedure) in consultation with Senior Management to identify various kinds of risk in business of the Company and its process to minimize the same. There are no risks which in the opinion of the Board threaten the existence of your Company. However, some of the risks which may pose challenges are elaborately described in the Management Discussion and Analysis which forms part of this Report.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the financial statements. During the year, such controls were reviewed and no reportable material weakness was observed.

Corporate Social Responsibility (CSR)

The Board in compliance with the provisions of Section 135(1) of the Companies Act, 2013 and rules made thereunder has a Committee to be known as CSR Committee with Mr. Santimoy Dey, Independent Non-executive Director, Mr. Sakti Kumar Banerjee, Independent Non-executive Director and Mr. Shyam Sundar Choudhary, Whole time director of the Company as its members. The CSR policy has been placed on the Website of the Company and can be accessed through the following link: http://www.himadri.com/Himadri_CSR_Policy.pdf.

During FY 2015-16 the provisions of Section 135 of the Companies Act, 2013 were not applicable to the Company, however, the Company has voluntarily expended a sum of ₹24.16 lakhs on CSR activities covered within the scope of the CSR Policy. The Annual Report on CSR activities in terms of Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith and marked as **Annexure VII** forming part of this report

Annual Evaluation of the Members of the Board

The Board, upon recommendation of the Nomination and Remuneration Committee and as per the criteria and manner provided for the annual evaluation of each member of the Board and its committee, has evaluated the performance of the entire Board, its committee and individual directors. All the members of the Board and its committee met the criteria of performance evaluation as set out by Nomination and Remuneration Committee.

Public Deposit

During FY 2015-16, the Company has not accepted any deposits from public within the meaning of Section 73 and Section 74 of the Companies Act, 2013, therefore the disclosure under rule 8 (5)(v) & (vi) of Companies (Accounts), Rules 2014, are not applicable to the Company.

Significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in future

There were no significant and material orders passed by any Regulatory authority or Courts or Tribunals impacting the going concern status and Company's operation in future, therefore the disclosure under rule 8 (5)(vii) of Companies (Accounts), Rules 2014, is not applicable to the Company.

Transfer to Investor Education & Protection Fund

The Company sends intimations to all shareholders whose dividends are unclaimed so as to ensure that they receive their rightful dues. Efforts are also made to co-ordinate with the Registrar to locate the shareholders who have not claimed their dues.

During the year, the Company has transferred a sum of ₹1,068,206 to Investor Education & Protection Fund, the amount which was due and payable and remained unclaimed and unpaid for a period of seven years. Despite the reminder letters sent to each shareholder, this amount remained unclaimed and hence was transferred.

Corporate Governance

In terms of the provisions of Regulation 34(3) of the SEBI Listing Regulations the Corporate Governance Report together with a certificate from a Practicing Company Secretary confirming compliance, is annexed herewith and marked as **Annexure VIII** forming part of this report.

Management Discussion and Analysis

The Management Discussion and Analysis as required under Schedule V of the SEBI Listing Regulations forms an integral part of this report

Listing on Stock Exchanges

The equity shares of the Company continue to be listed on the BSE Ltd. (BSE) and the National Stock Exchange of India Limited (NSE). The Company has remitted the listing fee to these stock exchanges, up to date.

The Non-Convertible Debentures (NCD) issued by the Company aggregating ₹250 Crores continue to be listed at BSE and the Company has been regular in the remittance of the listing fee to the exchange for such debentures.

Dematerialisation of Shares

There were 377,546,325 equity shares of the Company held by the shareholders in dematerialised form as on 31 March 2016, representing 90.23% of the total paid-up share capital of the Company consisting of 418,407,867 equity shares of ₹1/- each. The Company has issued and allotted 32,675,297 equity shares of ₹1/- each to one of the Promoter Group Company on preferential basis on 25 March 2016 and as on the close of financial year these shares were under process of dematerialization and Lock-in as per the provisions of SEBI (ICDR) Regulations, 2009 and accordingly the Promoters' shareholding stands increased.

The Company's equity shares are compulsorily required to be traded in dematerialised form; therefore, members are advised to expedite the process of converting the physical shareholding into dematerialised form through their D/P(s).

E-voting facility at AGM

In terms of Regulation 44 of SEBI Listing Regulations and in pursuance of the provisions of Section 108 of the Companies Act, 2013 (the Act) read with Rule 20 and 21(1) (a) to (h) of the Companies (Management and Administration) Rules, 2014 (these amends), and the Items of Business specified in the Notice convening the 28th Annual General Meeting of the Company may be transacted through electronic voting system and the Company is providing e-Voting facility to its' members who will be the members of the Company as on 24 September 2016 fixed for the purpose), for exercising their right to vote by electronic means through the e-Voting platform provided by National Securities Depository Limited (NSDL). The detailed process and guidelines for e-voting has been provided in the notice convening the meeting.

Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has an Internal Compliant Committee as required to be formed under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder which were notified on 9 December 2013.

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

During FY 2015-16, the committee submitted it's Annual Report as prescribed in the said Act and no complaints of sexual harassment were received by the Committee.

Appreciation

Your Board of Directors are thankful to our customers, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. Our resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support. We thank the Government of India, the State Governments where we have operations and other government agencies for their support and look forward to their continued support in the future.

For and on behalf of the Board

	Sd/-	Sd/-
	Bankey Lal Choudhary	**Shyam Sundar Choudhary**
Place: Kolkata	*Managing Director*	*Executive Director*
Date: 23 May 2016	(DIN: 00173792)	(DIN: 00173732)

Annexure I of the Board's Report

Nomination & Remuneration Policy of the Company

I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company already constituted the Committee comprising of three non-executive Independent Directors as required under Listing Agreement. In order to comply with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 13th November 2013 changed of the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee" and further the same was re-constituted the Committee on 11th August 2014 with three non-executive Independent Directors as Member of the Committee. The Committee has reviewed and formulated "Remuneration Policy" in compliance with the provisions of Section 178 of the Companies Act, 2013 read with the applicable rules thereto and Clause 49 of the Listing Agreement.

Section 178 of the Companies Act, 2013, *inter-alia* provides that the Committee shall formulate the criteria for determining qualifications, positive attitudes and independence of a Director and recommend to the Board a policy relating to remuneration for Directors, key managerial personnel (KMP) and other employees;

The Remuneration Policy of Himadri Chemicals & Industries Limited and its subsidiaries (the "Company"), is designed to attract, motivate and retain quality people in a competitive market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Remuneration Policy applies to Directors, Key Managerial Personnel and other employees of the Company as per the provisions of the Companies Act, 2013.

II. INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Listing Regulations as amended from time to time.

III. OBJECTIVE

a) To make recommendations to the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management;

b) To ensure that 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;

c) To evaluate the performance of the members of the Board and provide necessary reports to the Board for further evaluation and to ensure relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

d) To recommendations to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management and to ensure that such remuneration 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.

IV. DEFINITIONS:

"Board" means Board of Directors of the Company.

"Company" means "Himadri Chemicals & Industries Limited "

"Employees' Stock Option" means the option given to the directors, officers or employees of a Company or of its holding Company or subsidiary Company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the Company at a future date at a pre-determined price.

"Independent Director" means a director referred to in Section 149 (6) of the Companies Act, 2013 and in clause 49 of the Listing Agreement;

"Key Managerial Personnel" (KMP) means;

(i) Chief Executive Officer or the Managing Director or the Manager,

(ii) Company Secretary,

(iii) Whole-time Director,

(iv) Chief Financial Officer, and

(v) Such other officer as may be prescribed.

"Nomination and Remuneration Committee" shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.

"Policy or This Policy" means, "Nomination and Remuneration Policy."

"Remuneration" means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

"Service rules/HR Policy" means "Service Rules/HR Policy" as framed by the Management which are applicable to all employees, may be amended or modified form time to time by the management.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads. An Organisation Chart defining the Core Management Team and managerial personnel "one Level below the executive Director" is annexed hereto forming the part of this policy and marked as Annexure "A".

V. APPOINTMENT AND REMOVAL:

A. Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

3. The Company shall not appoint or continue the employment of any person as Managing Director/ Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

B. Term / Tenure:

1. **Managing Director/Executive Director/Whole-time Director/Manager:** The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. **Independent Director:** An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

   No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1 October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he/she shall be eligible for appointment for one more term of 5 years only.

   At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed Company.

C. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management at regular interval (yearly).

D. Removal:

Due to reasons for any disqualification mentioned in the

Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Managing Director / Executive Director / Whole Time director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations made thereunder and Service rules/HR Policy of the Company as prevalent at that time .

E. **Retirement:**

The Managing Director / Executive Director / Whole Time director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Managing Director / Executive Director / Whole Time director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to such approvals as may be required in this regard.

VI. PROVISIONS RELATING TO REMUNERATION:

A. General:

1. The remuneration / compensation / commission etc. to Managing Director, Executive / Whole Time Directors, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. The remuneration and commission to be paid to Managing Director, Executive / Whole Time Directors shall be as per the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force and in accordance with and subject to the relevant provisions of the Articles of Association of the Company.

3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managerial Person.

4. Where any insurance is taken by the Company on behalf of its Managing Director, Executive / Whole Time Directors, KMP and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

B. Remuneration to Non-Executive / Independent Director:

1. **Remuneration / Commission:** The Committee may recommend the payment of remuneration / commission in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2. **Sitting Fees:** The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. **Limit of Remuneration /Commission:** Remuneration /Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

C. Executive / Whole Time Directors

I. **Appointment/ Re-appointment, Remuneration and Terms and Conditions:**

Appointment and Re-appointment, if any, of Executive Directors/ Whole time Directors including remuneration and other terms and conditions thereof shall be in accordance with the provisions of Section 196, 197 of the Companies Act, 2013 read with Schedule V appended thereto. The Committee will recommend the appointment or re-appointment, if any, of any of the Executive/ Whole time Directors to the Board and same will be approved by the shareholders at General meetings by passing the necessary resolution in terms of provisions of Companies act, 2013.

The components of remuneration package may include the following:

- Basic Pay
- Allowances
- LTA
- Any other perks and benefits.

II. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Executive/ Whole Time Directors in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

III. Over all Maximum Managerial Remuneration

The total managerial remuneration payable by the Company to its Directors, including Managing Director and whole time Directors and its Managers in respect of any financial year shall not exceed 11% of the net profit of the Company for that financial year calculated in the manner as laid down in Section 198 of Companies Act. 2013 except that the Remuneration of the Directors shall not be Deducted from the Gross profit.

In the event of Payment of Remuneration exceeding 11% of net profit necessary formalities to be complied with as per the said Act.

IV. Provisions for excess remuneration

If any Executive/ Whole Time Directors draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

D. Key Managerial Personnel and Senior Management

Remuneration of KMP and Senior Management Personnel is proposed by the Company's Nomination and Remuneration Committee and subsequently approved by the Board of Directors. The remuneration is evaluated annually against performance of the Company, individual performance/ contribution and decides Remuneration rationally. The remuneration of KMP and Senior Management Personnel may comprise of the following:

- A fixed base salary, set at a level aimed at attracting and retaining executives with professional and personal competences required to drive the Company's performance.
- Special pay
- Variable pay linked with Performance in respect of certain positions
- Allowances (HRA, Conveyance etc.)
- LTA
- Perquisite and benefits
- Coverage on Mediclaim
- Retirement benefits including Superannuation

The KMP (s) and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

[1]VII. Policy on diversity of Board:

The Board of Directors shall have the optimum combination of executive and non-executive Directors including Independent Directors from the different fields like Planning, Strategy, Production, Management, Engineering, Quality Assurance, Finance & Accountancy, Legal, Sales and Marketing, Supply chain, Research and Development, Human Resources etc or as may be considered appropriate by the Committee from time to time.

The Board shall have at atleast one member who has accounting or related financial management expertise and atleast three members who are financially literate. And the Board should have atleast one women director as its member.

[1]Amended by the Nomination and Remuneration Committee at its meeting held on 26th March, 2015

VIII. ASSISTANCE FROM OUTSIDE AGENCY

The committee may take the assistance of External expert/ agency. as and when required to ensure that recommendations are based on rationale as also parameter to judge the performance level through a process .

IX. AMENDMENT / REVISION

Any policy including Remuneration Policy is dynamic concept. Hence it will be reviewed periodically & bring changes/ amendment as and when required based on business need, benchmark with comparable Industries and any other factors relevant in the context of formulation of Remuneration policy that has direct linkage between business growth & attract, retain & motivate people on sustainable basis.

X. Disclosure of Information

Information as required in terms of Section 197 (12) of the Companies Act, 2013 read with Rule 5 of Company (Appointment & Remuneration) Rules, 2014 shall be disclosed in the Board in the manner as provided therein.

Annexure – A*

(One Level below the Executive Directors including functional heads)

HIMADRI CHEMICALS & INDUSTRIES LIMITED

EXECUTIVE DIRECTORS

↓

Senior Management / Core Management Team

↓

- Chief Executive Officer (CEO)
- President - Projects
- President - Operations
- Chief Financial Officer (CFO)
- Business Head - Carbon Black Division
- Senior Vice President - SNF Business
- Senior Vice President - HR and Administration
- Vice President - Material Management
- Vice President- Strategy & Business Development

*Amended with effect from 1st December 2015

Annexure II of the Board's Report

Form No. MGT- 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March 2016

[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	:	L27106WB1987PLC042756
ii)	Registration Date	:	28 July 1987
iii)	Name of the Company:	:	Himadri Chemicals & Industries Limited
iv)	Category / Sub-Category of the Company	:	Public Company / Limited by shares
v)	Address of the Registered office and contact details	:	23A, Netaji Subhas Road, 8th Floor, Suite No. 15 Kolkata – 700001, Ph: 033-22309953, website: www.himadri.com
vi)	Whether Listed Company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent	:	M/s S. K. Infosolutions Pvt. Ltd 34/1A, Sudhir Chatterjee Street, Kolkata – 700006, **Contact Person** Dilip Bhattacharya Ph: 033-22196797/4815, email: skcdilip@gmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to Total Turnover of the Company
1	Carbon Materials & Chemicals	23999	86.64%

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	Equal Commodeal Private Limited 72/4, Shambhu Nath Pandit Street, Kolkata – 700025	U51909WB2011PTC160507	Subsidiary	100%	2 (87)(ii)
2	AAT Global Limited 18/F, Wanchai Central Building, 89 Lockhart Road, Wanchai, Hongkong	N.A.	Subsidiary	100%[1]	2 (87)(ii)
3	Shandong Dawn Himadri Chemical Industry Limited No. 368, North Heping Road, Longkou Economic Development Zone, Longkou Economic Development Zone,	N.A.	Subsidiary	94%[2]	2 (87)(ii)

[1] Holding through Equal Commodeal Private Limited

[2] Holding through AAT Global Limited

IV. SHAREHOLDING 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 1 April 2015]				No. of Shares held at the end of the year [As on 31 March 2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
(1) Indian									
a) Individual/ HUF	12728600	-	12728600	3.30	12728600	-	12728600	3.04	(0.26)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	159411310	-	159411310	41.33	159411310	32675297	192086607	45.91	4.58
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	**172139910**	**-**	**172139910**	**44.63**	**204815207**	**-**	**204815207**	**48.95**	**4.32**
(2) Foreign									
a) Individual/ NRI	-	-	-	-	-	-	-	-	-
b) Government	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**172139910**	**-**	**172139910**	**44.63**	**204815207**	**-**	**204815207**	**48.95**	**4.32**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	3000	3000	0.00	-	3000	3000	0.00	-
b) Banks / FI	1000	15000	16000	0.00	1000	15000	16000	0.00	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**1000**	**18000**	**19000**	**0.00**	**1000**	**18000**	**19000**	**0.00**	**(0.01)**
2. Cent Govt/State Govt/ President of India	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3. Non-Institutions									
a) Bodies Corp.	25385041	162800	28547841	7.40	32258733	8005445	40264178	9.62	2.22
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹2 lakhs	15317291	8152821	23470112	6.08	32258733	8005445	40264178	9.62	3.54
ii) Individual shareholders holding nominal share capital in excess of ₹2 lakhs	10941627	-	10941627	2.84	26844077	-	26844077	6.42	3.58
c) Others (specify)									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2015]				No. of Shares held at the end of the year [As on 31 March 2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Trustees	157667	-	157667	0.04	157667	-	157667	0.04	-
Non Resident Indians	224128	-	224128	0.06	709520	-	709520	.017	0.02
Overseas Corporate Bodies	150232285	-	150232285	38.95	150232285	-	150232285	38.95	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - DR	-	-	-	-	-	-	-	-	-
Sub-total (B)(3):-	**205258039**	**8315621**	**213573660**	**55.37**	**205258039**	**8315621**	**213573660**	**55.37**	**0.01**
Total Public Shareholding (B)=(B)(1)+ (B)(2)+(B)(3)	**205259039**	**8333621**	**213592660**	**55.37**	**205259039**	**8333621**	**213592660**	**55.37**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**377398949**	**8333621**	**385732570**	**100**	**377546325**	**40861542**	**418407867**	**100**	**-**

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding 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	Damodar Prasad Choudhary	1484280	0.38	-	1484280	0.35	-	(0.03)
2	Bankey Lal Choudhary	1484280	0.38	-	1484280	0.35	-	(0.03)
3	Vijay Kumar Choudhary	3266640	0.85	-	3266640	0.78	-	(0.07)
4	Shyam Sundar Choudhary	3234280	0.84	-	3234280	0.77	-	(0.07)
5	Sushila Devi Choudhary	850000	0.22	-	850000	0.20	-	(0.02)
6	Saroj Devi Choudhary	822850	0.21	-	822850	0.20	-	(0.01)
7	Sheela Devi Choudhary	763420	0.20	-	763420	0.18	-	(0.02)
8	Kanta Devi Choudhary	822850	0.21	-	822850	0.20	-	(0.01)
9	Himadri Dyes & Intermediates Limited	98284310	25.48	-	98284310	23.49	-	(1.99)
10	Himadri Credit & Finance Ltd	9487000	2.46	-	9487000	2.27	-	(0.19)
11	Himadri Industries Ltd	46140000	11.96	-	46140000	11.03	-	(0.93)
12	Himadri Coke & Petro Limited	5500000	1.43	-	38175297	9.12	-	7.69
	TOTAL	**173139910**	**44.63**	**-**	**204815207**	**48.95**	**-**	**4.32**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

There was change in promoter's shareholding during the last quarter of the financial year pursuant to allotment of 32,675,297 equity shares of ₹1/- each made on preferential basis to Himadri Coke & Petro Limited, a promoter group entity at a price of ₹19/- per share in lieu of 12,300 Deep Discount Debentures, and the shareholding of such entity stands increased to 38,175,297 which represents 9.12% if calculated on expended capital and same has increased by 7.69% with the approval of Shareholders at the Extra-ordinary General Meeting held on 22 March 2016.

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

Sl. No	Name of the Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	BC India Investments						
	At the beginning of the year	01/04/2015	-	103178860	26.75	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-	-	-
	At the end of the year*	31/03/2016	-	-	-	103178860	24.66
2	Dilip Kumar Lakhi						
	At the beginning of the year	01/04/2015	-	-	-	-	-
	Increase / Decrease in Shareholding during the year	15/01/2016	Buy	15849	0.00	15849	0.00
		22/01/2016	Buy	1846417	0.48	1862266	0.48
		29/01/2016	Buy	1487647	0.39	3349913	0.87
		05/02/2016	Buy	9800000	2.54	13149913	3.41
	At the end of the year*	31/03/2016		-	-	13149913	3.14
3	Chaturvedi Advisory Services LLP						
	At the beginning of the year	01/04/2015	-	-	-	-	-
	Increase / Decrease in Shareholding during the year	12/02/2016	Buy	10000000	2.59	-	-
	At the end of the year*	31/03/2016	-	-	-	10000000	2.39
4	Shyam Sel And Power Limited						
	At the beginning of the year	01/04/2015	-	-	-	-	-
	Increase / Decrease in Shareholding during the year	19/02/2016	Buy	2393073	0.62	2393073	0.62
		26/02/2016	Buy	1783368	0.46	4176441	1.08
		03/04/2015	Buy	452278	0.12	4628719	1.20
		18/03/2016	Buy	395135	0.10	5023854	1.30
	At the end of the year*	31/03/2016	-	-	-	5023854	1.20
5	Vallabh Roopchand Bhansali						
	At the beginning of the year	01/04/2015	-	2854220	0.74	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-	-	-
	At the end of the year*	31/03/2016	-	-	-	2854220	0.68
6	Akash Bhanshali Manek Bhanshali HUF						
	At the beginning of the year	01/04/2015	-	2616400	0.68	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-	-	-
	At the end of the year*	31/03/2016	-	-	-	2616400	0.63
7	Bhanshali Stock Brokers Private Limited (Formerly Known as Enam Investment Service Ltd)						
	At the beginning of the year	01/04/2015	-	1740990	0.45	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-	-	-
	At the end of the year*	31/03/2016	-	-	-	1740990	0.42
8	Salzer Electronics Ltd						
	At the beginning of the year	01/04/2015	-	-	-	-	-

Sl. No	Name of the Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Increase / Decrease in Shareholding during the year	11/03/2016	Buy	1243059	0.32	-	-
	At the end of the year*	31/03/2016	-	-	-	1243059	0.30
9	Mangal Bhanshali HUF						
	At the beginning of the year	01/04/2015	-	1228900	0.32	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-	-	-
	At the end of the year*	31/03/2016	-	-	-	1228900	0.29
10	Lahoti Financial Services Limited						
	At the beginning of the year	01/04/2015	-	-	-	-	-
	Increase / Decrease in Shareholding during the year	15/01/2016	Buy	50000	0.01	50000	0.01
		22/01/2016	Buy	150000	0.04	200000	0.05
		05/02/2016	Buy	700000	0.18	900000	0.23
		12/02/2016	Buy	300000	0.08	1200000	0.31
	At the end of the year*	31/03/2016	-	-	-	1200000	0.29
11	VCIGPM LTD						
	At the beginning of the year	01/04/2015	-	47053425	12.20	-	-
	Increase / Decrease in Shareholding during the year	29/01/2016	Sell	47053425	12.20	-	-
	At the end of the year*	31/03/2016	-	-	-	-	-
12	Apsara Infrastructure Pvt Ltd						
	At the beginning of the year	01/04/2015	-	12886370	3.34	-	-
	Increase / Decrease in Shareholding during the year	08/01/2016	Sell	3863924	1.00	9022446	2.34
		15/01/2016	Sell	2353217	0.61	6669229	1.73
		22/01/2016	Sell	3321103	0.86	3348126	0.87
		29/01/2016	Sell	3348126	0.87	-	-
	At the end of the year*	31/03/2016	-	-	-	-	-
13	Akash Bhanshali						
	At the beginning of the year	01/04/2015	-	1200000	0.31	-	-
	Increase / Decrease in Shareholding during the year	-	-	-	-	-	-
	At the end of the year	31/03/2016	-	-	-	1200000	0.29
14	Jai-Vijay Resources Pvt Ltd						
	At the beginning of the year	01/04/2015	-	1360000	0.35	-	-
	Increase / Decrease in Shareholding during the year	18/03/2016	Sell	370000	0.10	-	-
	At the end of the year*	31/03/2016	-	-	-	990000	0.24
15	Padmalaya Advisory Services LLP						
	At the beginning of the year	01/04/2015	-	6367243	1.65	-	-
	Increase / Decrease in Shareholding during the year	18/03/2016	Sell	6367243	1.65	-	-
	At the end of the year*	31/03/2016	-	-	-	-	-

* The % shareholding of the Top Ten Shareholders has been diluted as on 31 March 2016 by default because of issue of 32,675,297 equity shares on preferential basis and consequential increase in subscribed and paid-up equity share capital of the Company

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No	Shareholding of each Directors and each Key Managerial Personnel	Date of Change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	Directors					
1	Bankey Lal Choudhary	No Change	1484280	0.38	1484280	0.35
2	Shyam Sundar Choudhary	No Change	3234280	0.84	3234280	0.77
3	Vijay Kumar Choudhary	No Change	3266640	0.85	3266640	0.78
4	Sakti Kumar Banerjee	No Change	-	-	-	-
5	Santimoy Dey	No Change	-	-	-	-
6	Hanuman Mal Choraria	No Change	-	-	-	-
7	Chandra Shekhar Sarda*	No Change	-	-	-	-
8	Hardip Singh Mann	No Change	-	-	-	-
9	Krishnava Satyaki Dutt	No Change	-	-	-	-
10	Rahul Kumar Yadav **	No Change	-	-	-	-
11	Pavninder Singh	No Change	-	-	-	-
12	Rita Bhattacharya	No Change	-	-	-	-
	Key Managerial Personnel					
1	Anurag Choudhary	No Change	-	-	-	-
2	Kamlesh Kumar Agarwal	No Change	-	-	-	-
3	Bajrang Lal Sharma	No Change	-	-	-	-

*Mr. Chandra Shekhar Sarda has resigned from the Company w.e.f 21 January 2016

**Mr. Rahul Kumar Yadav, has resigned from the Company w.e.f 31 July 2015

V. INDEBTEDNESS

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

Amount in ₹ Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	95,448.66	13,414.53	-	108,863.19
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	582.97	1,169.27	-	1,752.24
Total (i+ii+iii)	**96,031.63**	**14,583.80**	**-**	**110,615.43**
Change in Indebtedness during the financial year				
Addition	44,892.20	559.97	-	45,452.17
Reduction	59,694.97	7567.24	-	67,262.21
Net Change	(14,802.77)	(7,007.27)	-	(21,810.04)
Indebtedness at the end of the financial year				
i) Principal Amount	80,636.03	6,109.23	-	86,745.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	592.83	1,467.30	-	2,060.13
Total (i+ii+iii)	**81,228.86**	**7,576.53**	**-**	**88,805.39**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors

Amount in ₹ Lakhs

SN.	Particulars of Remuneration	Name of MD/WTD			Total Amount
		Bankey Lal Choudhary, Managing Director	Shyam Sundar Choudhary, Whole Time Director	Vijay Kumar Choudhary, Whole Time Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	60.00	60.00	60.00	180.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.68	0.68	-	1.36
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**60.68**	**60.68**	**60.00**	**181.36**
	Ceiling as per the Act*	68.90	68.90	68.90	206.70

* Since there is inadequate profit during the year the Managerial Remuneration has been paid as per Schedule V appended to the Companies Act, 2013 and the overall remuneration is within the limits as specified therein computed based on effective Capital as provided in Section II of Part II of said schedule

B. Remuneration to other Directors

Amount in ₹ Lakhs

SN.	Name of the Director and its Category	Fee for attending board /committee meetings	Commission	Others, please specify	Total
	Independent Directors				
1	Sakti Kumar Banerjee	1.72	-	-	1.72
2	Santimoy Dey	1.72	-	-	1.72
3	Krishnava Satyaki Dutt	0.20	-	-	0.20
4	Hardip Singh Mann	0.80	-	-	0.80
5	Hanuman Mal Choraria	1.20	-	-	1.20
6	Chandra Shekhar Sarda	0.40	-	-	0.40
	Total (1)				**6.04**
	Other Directors				
1	Rahul Kumar Yadav	-	-	-	-
2	Pavninder Singh	0.60	-	-	0.60
3	Rita Bhattacharya	1.00	-	-	1.00
	Total (2)				**1.60**
	Total (B)				**7.64**

TOTAL MANAGERIAL REMUNERATION (TOTAL A+B) = 189 lakhs

OVERALL CEILING AS PER THE ACT – Remuneration paid to Non-executive Directors in the form sitting fees for attending the Board / Committee meetings are well within the ceilings as prescribed under Section 197 of the Companies Act, 2013 read with Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Remuneration to Key Managerial Personnel Other than MD/WTD

Amount in ₹ Lakhs

SN.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	73.80	12.45	25.42	111.67
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	73.80	12.45	25.42	111.67

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences under the Companies Act 2013 for the year ended 31 March 2016.

Annexure III of the Board's Report

Details pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The ratio of remuneration of each Director to median remuneration of employees of the Company for the financial year 2015-16:

Name	Designation	Ratio
Mr. Bankey Lal Choudhary	Managing Director	29.33 : 1
Mr. Shyam Sundar Choudhary	Wholetime Director	29.33 : 1
Mr. Vijay Kumar Choudhary	Wholetime Director	29.33 : 1

2. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2015-16:

Name	Designation	% increase in remuneration
Mr. Bankey Lal Choudhary	Managing Director	-
Mr. Shyam Sundar Choudhary	Wholetime Director	-
Mr. Vijay Kumar Choudhary	Wholetime Director	-
Mr. Anurag Choudhary	Chief Executive Officer	-
Mr. Kamlesh Kumar Agarwal	Chief Financial Officer	-
Mr. Bajrang Lal Sharma	Company Secretary	-

* Refer Note

3. The percentage increase in the median remuneration of employees in the financial year 2015-16:

   The percentage increase in the median remuneration of employees is 3%

4. The number of permanent employees on the rolls of the Company:

   There were 677 number of permanent employees on the rolls of the Company as on 31 March 2016.

5. The explanation on the relationship between average increase in remuneration and the Company performance:

   During the previous FY2014-15, the Company incurred a loss of ₹1440.07 lakhs whereas in the FY 2015-16 its loss reduced to ₹1,207.60 lakhs. The Company considering the challenging year has not provided hike in comparison to market trend to all it's higher grade employees but however, keeping in view the inflation in market the Company has provided the hike in remuneration to other category of employees across the Company. The average increase in median remuneration was 3%. The average increase in median remuneration was justifiable.

6. Comparison of the remuneration of the Key Managerial Personnel against performance of the Company:

   During the previous FY 2014-15, the Company incurred a loss of ₹1440.07 lakhs whereas in the FY 2015-16 its loss reduced to ₹1,207.60 lakhs. Hence, there was an improvement representing 16%. Therefore, remuneration of Key Managerial Personnel was in line with performance of the Company.

7. Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

   (a) The market capitalisation as on 31 March 2016 was ₹657.74 Crores (₹578.60 Crores as on 31 March 2015)

   (b) Since the Earnings per Share (EPS) of the Company in FY 2014-15 and FY 2015-16 is negative, therefore the Price Earnings ratio is negative.

   The Company's last public offer was in the year 1994, at a price of ₹15 per share for face value of ₹10 each/- (including premium of ₹5/- per share). In the year 2010, the face value of each equity share of ₹10 each was sub-divided into 10 shares of ₹1 each. Therefore, the cost price of the shares has been re-calculated to ₹1.5 per share. And the market price as 31 March 2016 is ₹15.72 per Share, therefore the present value of investment of ₹1,500 made in the year 1994 in the said Public Offer would be worth ₹15,720.

8. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

   Average percentage increase made in the salaries of employees other than the managerial personnel in FY 2015-16 was 6% whereas the increase in the managerial remuneration for the same financial year was Nil

9. **Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:**

   Remuneration Paid to KMP's are as follows:

   i) Mr. Bankey Lal Choudhary, Managing Director: ₹60.68 lakhs ;

   ii) Mr. Shyam Sundar Choudhary, Whole time Director: ₹60.68 lakhs ;

   iii) Mr. Vijay Kumar Choudhary, Whole time Director: ₹60.00 lakhs;

   iv) Mr. Anurag Choudhary, Chief Executive Officer: ₹73.80 lakhs;

   v) Mr. Kamlesh Kumar Agarwal, Chief Financial Officer: ₹25.42 lakhs;

   vi) Mr. Bajrang Lal Sharma, Company Secretary: ₹12.45 lakhs.

   The remuneration paid to KMP's are in line with the Company's performance and present market trend.

10. **The key parameters for any variable component of remuneration availed by the directors:**

    The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

11. **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:**

    1 : 6.04

    (Note: there were five employees drawing remuneration in excess of highest paid Director)

12. **Affirmation that the remuneration is as per the remuneration policy of the Company.**

    The remuneration paid to Directors, Key Managerial Person and other employees are as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees

    Note: The Non-Executive Directors of the Company are entitled for sitting fee as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non -Executive Directors are provided in the Report on Corporate Governance and are governed by the Remuneration Policy of the Company, as provided in the Annual Report. In view of this, the calculation of the ratio of remuneration and percentage increase in remuneration of Non-Executive Directors would not be meaningful and hence not provided.

Annexure IV of the Board's Report

Details pursuant to Rule 5 (2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of the Employee employed throughout the financial year, was in receipt of remuneration, at a rate which, in the aggregate, was not less than five lakh rupees per month;

Name	Designation, Nature of Duties	Remuneration (₹ In lakhs)	Qualification, Experience (yrs)	Date of commencement of employment	Age (years)	Last employer, designation	Relative of any director of the Company
Mr. Anurag Choudhary	Chief Executive officer	73.80	B.Com, 25	01.04.1991	44	None	Mr. Shyam Sundar Choudhary
Mr. Tushar Choudhary	President Operations	73.80	B.Com, 17	01.05.1999	40	None	Mr. Bankey Lal Choudhary
Mr. Amit Choudhary	President Projects	73.80	B.Com, 17	01.05.1999	41	None	Mr. Shyam Sundar Choudhary
Mr. Monojit Mukherjee	Business Head-CBD	75.00	PGDM (Marketing) from IIM Ahmedabad, B. Tech in Chemical, 32	16.04.2014	58	Philips Carbon Black Limited, Executive Director (Marketing & New Projects)	Nil
Mr. Somesh Satnalika	VP- Strategy and Business Development	70.00	PGPM (Finance), CA	09.06.2014	34	Booz & Co.	Nil

Notes:

1. Remuneration includes salary, Company's contributions to provident fund, bonus, allowances, performance bonus and monetary value of perquisites. However, provision for gratuity including settlements during the year has been excluded.
2. None of the employees are covered under Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Annexure V of the Board's Report

SECRETARIAL AUDIT REPORT

Form No. MR-3

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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,

Himadri Chemicals & Industries Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Himadri 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.

The Company's Management is responsible for preparation and maintenance of secretarial records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, to the extent applicable, according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;

iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments, Foreign Direct Investments and External Commercial Borrowings;

v) The following Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act"), to the extent applicable:

   a) The Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011

   b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

   c) The Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

   d) The Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

   e) The Securities Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008

   f) The Securities Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

   g) The Securities Exchange Board of India (Delisting of Equity Shares) Regulations, 2009

   h) The Securities Exchange Board of India (Buyback of Securities) Regulations, 1998

vi) Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/ trading Companies, the following laws/ acts are also applicable to the Company:

a) Petroleum Act, 1934 and Rules made thereunder;

b) Legal Metrology Act, 2009;

c) Bengal Electricity Duty Act, 1935 and rules thereunder;

d) West Bengal Ground Water Resources (Management, Control and Regulation) Act, 2005;

e) Indian Boiler Act, 1923;

f) West Bengal Mollasses Control Act, 1973 and West Bengal Mollasses Control (Regulation, Storage and Transport) Notified Order, 1986;

g) Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 as amended;

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India [Applicable from 1st July, 2015];

b) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. [Applicable from 1st December, 2015];

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

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

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

c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

We further report that during the period under audit, the Company has issued and allotted 3, 26,75,297 equity shares of ₹1/- each fully paid up on 25th March, 2016 on preferential basis under section 62 of Companies Act, 2013 & Chapter-VII of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 to 'Himadri Coke & Petro Limited' in lieu of 12,300 Deep Discount Debentures with the necessary consent of shareholders at an Extra Ordinary General Meeting convened on 22nd March, 2016.

For MKB & Associates
Company Secretaries

Sd/-
Manoj Kumar Banthia
[Partner]
ACS no. 11470
COP no. 7596

Date: 20th May, 2016
Place: Kolkata

Annexure-I to Secretarial Audit Report

To
The Members,
HIMADRI CHEMICALS & INDUSTRIES LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For MKB & Associates
Company Secretaries

Sd/-
Manoj Kumar Banthia
[Proprietor]
ACS no. 11470

Date: 20th May, 2016
Place: Kolkata

Annexure VI of the Board's Report

Information as per Section 134(3)(m), read with the Rule 8(3) of Companies (Accounts) Rules, 2014 for the year ended 31 March 2016:

A. Conservation of energy

i) Steps taken or impact on conservation of energy

The Company has taken various steps to save the energy by replacing the traditional lightning system with Led lightning system, to improve the system so that air blower should not function during idle hour which resulted to save the energy, electric motors of micro pulverizer which were running with two motors of 75Kw has been converted with 55Kw by improving the process study, commissioning of boiler blow down steam recovery system which was early a waste, Variable Frequency Drive (VFD) were installed in most of the motors having higher rating by which speed of the motor optimized to save the power, auto sleeping mode activated in air compressor and all other electrical equipments so as to reduce the load of the electricity, installation of capacitor bank in all Low Tension (LT) transformers to maintain steady power factor resulting in saving of energy and utilization of soft black reactor to soot blowing cooling system at all which increased the power generation as a on-going job.

ii) Steps taken by the Company for utilizing alternate source of energy

The Company has 20MW power generating plant based on waste heat recovery system, derived during the process of manufacturing of Carbon Black at Mahistikry, District Hooghly, W.B., and substantial amount of power has been utilized by the Company to back up the manufacturing process at its Plant and the surplus power is supplied to Grid on regular basis.

iii) The capital investment on energy conservation equipments

The Company has already made necessary expenditure on energy conservation equipments.

B. Technology absorption

i) Efforts made towards technology absorption

The Research and Development (R&D) department of the Company continued to play a vital role in the various thrust areas:

a) New products development and higher value addition to existing line of products;

b) Actively working on graphitised Advanced Carbon Material and Developing In-House technology for manufacturing the same;

c) Constantly working on optimising the Cost of Production and improving the Quality of finished product;

d) Focus on re-cycling of waste and research on the utilisation of waste on continue basis.

The Company's R & D unit(s) at Mahistikry Unit, P.S Haripal, District – Hooghly (W.B) has been accorded renewal of recognition upto 31 March 2019 by the Ministry of Science and Technology, Department of Scientific and Industrial Research, New Delhi for carrying In-House Research & Development for it's various products.

ii) The benefits derived like product improvement, cost reduction, product development, import substitution

Benefits derived as a result of the above R&D:

a) Developed certain new products in its R&D Centre such as special grade carbon black from Coal Tar based raw material, special grade of carbon black for different grades of printing, carbon black for special engineering plastic master batch;

b) Also developed Mesophase Pitch for anode material, developed High SP pitch for refractory applications;

c) Achieved the targets of production of superior quality of different grades of carbon black with maximum flexibility of using available raw material;

d) R&D wing has worked extensively and have developed technology for using various blends of different quality of Coal Tar, Coal Tar based Oil of various grades in different proportion on standalone basis and/or along with the petroleum based feed stock in various ratios;

e) Improvement in the existing production process such as Implementation of Advance Failure Mode Analysis and Advance Product Quality Planning in the processes, raw material and finished goods quality, enhancement in Naphthalene yield from Coal Tar focused on lowering down of Naphthalene slippage in heavy oil;

f) Successfully derived benefits on the basis of above R&D activities which have helped in achieving better efficiency in fuel consumption, better control on inputs and thereby improving the quality of the output to match with international specifications.

iii) **Expenditure incurred on Research and Development**

Capital expenditure as well as recurring expenditure incurred from time to time during the year on laboratory items, tools, spares, handling equipments and salaries of research personnel remain merged with various heads, as per established accounting policy and expenditures incurred during the year under review, on Research & Development are as follows :

a) Capital expenditure: Nil;

b) Revenue expenditure: ₹238.20 lakhs;

c) Total Research & Development expenditure: ₹238.20 lakhs;

d) Total R&D expenditure as a percentage of total turnover: 0.21%

C. Foreign Exchange Earnings and Outgo

Amount in ₹ Lakhs

	FY 2015-16	FY 2014-15
Total foreign exchange outgo in terms of actual outflow	32,685.91	53,000.41
Total foreign exchange earned in terms of actual inflows	11,880.96	11,037.04

Annexure VII of the Board's Report

[Pursuant to Section 135 of the Companies Act, 2013]

Annual Report on CSR Activities

1. Brief outline of the Corporate Social Responsibility (CSR) Policy of the Company

The Company adopted CSR Policy as recommended by the CSR Committee and the scopes of the Policy are given hereunder:

(i) eradicating hunger, poverty and malnutrition, promoting health care including preventive healthcare and sanitation including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;

(iii) promoting gender equality, 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 and measures for reducing inequalities faced by socially and economically backward groups;

(iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

(v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

(vi) measures for the benefit of armed forces veterans, war widows and their dependents;

(vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

(viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

(ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;

(x) rural development projects;

(xi) slum area development.

The following kinds of Expenditures were approved by the CSR Committee to be undertaken by the Company including ongoing expenditures or expenditure to be made by the Company during FY 2015-16 directly or made through Company Trusts :-

a. Expenditure on promotion of education including undertaking of recurring expenditure of running a School and expenditure on distribution of Mid day meal among the poor children, situated at Village area surrounding the Company's Factory at Mahistikry;

b. Expenditure on running a dispensary (Medical Services) within the surrounding area of Company's Plant situated at Mahistikry, including cost of medicine, free health check up facility etc;

c. Expenditure on eradicating hunger and distribution of food, drinking water and cloth;

d. Expenditure on setting up homes / Ashram for orphans and to undertake day-to-day running expenditures thereof.

2. The Composition of CSR Committee

The Corporate Social Responsibility Committee ('the CSR Committee') of the Board is responsible for overseeing the execution of the Company's CSR Policy, and ensuring that the CSR objectives are met. The CSR committee comprise of the following Directors:

i) Mr. Santimoy Dey, Independent Non-executive Director

ii) Mr. Sakti Kumar Banerjee, Independent Non-executive Director

iii) Mr. Shyam Sundar Choudhary, Whole time Director

3. Financial Details

Amount in ₹ Lakhs

Particulars	Amount
Average Net Profit / (Loss) of the Company for the last three financial years	(998.73)
Prescribed CSR Expenditure (2% of the average net profits)	NIL
Details of CSR Expenditure during the financial year	
Total amount to be spent for the financial year	NIL
Amount spent	24.16
Amount unspent	NIL

The Company has voluntarily spent a sum of ₹24.16 lakhs on CSR Activities, during the FY 2015-16.

4. Manner in which the amount spent during the financial year is detailed below

Amount in ₹ Lakhs

1	2	3	4	5	6	7	8
Sl.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise ₹ In lakhs	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Expenditure on Promotion of Education	(a)	Mahistikry, Dist-Hooghly (WB)	-	2.00	2.00	Direct
2	Expenditure on running a dispensary	(b)	Mahistikry, Dist- Hooghly (WB)	-	5.31	5.31	Direct
3	Expenditure on eradicating hunger and distribution of food, drinking water and cloth	(c)	Surrounding area of the District and the State in which the Company's Plant is situated	-	11.84	11.84	Direct
4	Expenditure on setting up homes / Ashram	(d)	In the state of West Bengal – East Midnapore	-	5.00	5.00	Direct
	TOTAL			-	**24.16**	**24.16**	

5. Responsibility Statement

We hereby affirm that the CSR policy, as approved by the Board, has been implemented and the CSR committee monitors the implementation of the projects and activities in compliance with our CSR objectivities.

For and on behalf of the Board

	Bankey Lal Choudhary	Santimoy Dey
Place: Kolkata	*Managing Director*	*Chairman – CSR Committee*
Date: 20 May 2016	(DIN: 00173792)	(DIN: 06875452)

Annexure VIII of the Board's Report

CORPORATE GOVERNANCE REPORT

In accordance with Regulation 34 (3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations') the details of compliance by the Company with the norms on Corporate Governance are as under:

1. Company's philosophy on Code of Governance

The philosophy of Governance has been deeply rooted in the culture of Himadri Chemicals over a long period of time. Your Company believes in good Corporate Governance and continuously endeavors to improve focus on it by increasing transparency and accountability to its shareholders in particular and other stakeholders in general. The Company undertakes to behave responsibly towards its shareholders, business partners, employees, society and the environment.

The Board considers itself as trustee of its shareholders, acknowledging its responsibilities to the shareholders for creating and safeguarding their wealth. This relates to a system or processes that direct corporate resources and management strategies towards maximization of stakeholders' confidence while ensuring transparency and accountability in the conduct of business within legal and ethical framework. The Board during FY 2015-16 continued its endeavors for achieving these objectives by adopting and monitoring corporate strategies, prudent business plans, and major risks and ensured that the Company pursues policies and procedures to satisfy its ethical responsibilities. At Himadri Chemicals, it is imperative that affairs of the Company are managed in a fair and transparent manner.

The Company is in compliance with all the requirements of the Corporate Governance as stipulated in Part C of the Schedule V of the SEBI Listing Regulations.

A Management Discussion and Analysis Report has been given as a separate Annexure forming the part of the Annual Report.

2. Board of Directors ("Board")

The Board of Directors is at the core of our Corporate Governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance.

a) Composition of the Board as on 31 March 2016

The Company has an appropriate composition of Executive, Non-Executive and Independent Non-Executive Directors. As on 31 March 2016, the Board consisted of 10 (Ten) directors, out of which three Directors are Executive, 2 (Two) are Nominee Directors including 1 (One) Woman director (non-executive) and 5 (Five) are Independent Non-Executive Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 and Regulation 17 (1) of SEBI Listing Regulations.

The Independent Directors does not have or had any material pecuniary relationship with the listed entity, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year apart from receiving the sitting fees and reimbursement of expenses incurred for attending the Board/Committee meetings. All the Independent Directors satisfied the criteria/conditions of independence as laid down in Regulation 16(1) (b) of the SEBI Listing Regulations.

None of the Directors on the Board is a member of more than 10 (Ten) Committees and Chairman of more than 5 (Five) Committees as specified in Regulation 26 (1) of the SEBI Listing Regulations, across all the companies in which he/she is a Director. For assessment of these criteria, the limit under Regulation 26 (1), the membership / chairmanship of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

b) Disclosure of Relationships between Directors inter-se

Sl. No	Name of the Director	Category	Relationship between Directors inter-se*
1	Mr. Shyam Sundar Choudhary	Promoter, Executive	Brother of Mr. B. L. Choudhary and Mr. V. K. Choudhary
2	Mr. Bankey Lal Choudhary	Promoter, Managing Director	Brother of Mr. S.S. Choudhary and Mr. V. K. Choudhary
3	Mr. Vijay Kumar Choudhary	Promoter, Executive	Brother of Mr. B. L. Choudhary and Mr. S. S. Choudhary
4	Mr. Pavninder Singh	Nominee Director (Non-Executive) of BC India Investments	NA
5	Ms. Rita Bhattacharya	Nominee Director (Non-Executive) of LIC of India	NA
6	Mr. Hardip Singh Mann	Independent, Non-Executive	NA
7	Mr. Krishnava Satyaki Dutt	Independent, Non-Executive	NA
8	Mr. Sakti Kumar Banerjee	Independent, Non-Executive	NA
9	Mr. Santimoy Dey	Independent, Non-Executive	NA
10	Mr. Hanuman Mal Choraria	Independent, Non-Executive	NA

Relative as per Section 2(77) of Companies Act, 2013

#Mr. Chandra Shekhar Sarda has resigned from the Company w.e.f 21 January 2016 and Mr. Rahul Kumar Yadav, has resigned from the Company w.e.f 31 July 2015, hence, they are not part of the above table

c) Board procedure and access to information

The Board is responsible for the management of the business of the Company and meets regularly for discharging its role and functions.

The Board of the Company reviewed all information provided periodically for discussion and consideration at its meetings as provided under the Companies Act, 2013 (including any amendment and re-enactment thereof) and SEBI Listing Regulations *inter-alia* the agendas mentioned in Part A of Schedule II of SEBI Listing Regulations.

Detailed agenda is circulated to the Directors well in advance as stipulated under Companies Act, 2013 and Secretarial Standard – 1 ("SS-1"). All material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meetings. Where it is not practicable to enclose any document to the agenda, the same is placed before the meeting. Additional item(s) on the agenda, if required are permitted to be discussed at the meeting.

Board makes timely strategic decisions, to ensure operations are in line with strategy; to ensure the integrity of financial information and the robustness of financial and other controls; to oversee the management of risk and review the effectiveness of risk management processes; and to ensure that the right people are in place and coming through. Non-executive directors are expected to provide an effective monitoring role and to provide help and advice as a sounding board for the executive directors. All this is in the long term interest of the Company and should be based on the optimum level of information, through smooth processes, by people with the right skills mix and in a constructive manner. The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of business, commerce, finance, management and law.

The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. The meetings of the Board are generally convened at the Company's Corporate Office at Kolkata. In case of urgency or when the Board meeting is not practicable to be held, the matters are resolved via resolution by circulation, which is then noted by the Board in its next meeting.

Video conferencing facilities are also used to facilitate Directors travelling/residing at other locations to participate in the meetings.

The minutes of the Board Meetings are circulated in advance as per the requirement of SS-1 to all the Directors and confirmed at subsequent Meeting.

The Board also reviews the declarations made by the Managing Director / Chief Financial Officer / Unit Heads of the Company regarding compliance of all applicable laws on a quarterly basis.

The Board also periodically reviews compliance by the Company with the applicable laws/statutory requirements concerning the business and affairs of the Company.

d) Meetings of the Board of Directors

During FY 2015-16, the Board met 5 (Five) times, i.e. on 26 May 2015, 12 August 2015, 9 November 2015, 12 February 2016 and 23 February 2016. The maximum time in between two meetings was not more than 120 days and the required information were made available to the Board. The dates for the Board Meetings were decided well in advance and communicated to the Directors and stock exchange(s). The agenda along with the explanatory notes were sent well in advance to each Director. Further the option of attending the Board/Committee meetings through video conference was also given to all the Directors.

e) Separate Meeting of Independent Directors

During FY 2015-16, as per the requirement of Schedule IV of the Companies Act, 2013 and the SEBI Listing Regulations, 1 (One) separate meeting of Independent Directors was held on 12 February 2016 without the presence of the non-independent directors and the members of the Management. These meetings were conducted in a manner so as to enable the Independent Directors to discuss and review the performance of non-independent directors and the Board as a whole after taking into account the views of executive directors and non-executive directors and for assessing the quality, quantity and timelines of flow of information between the Company Management and the Board.

f) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, of individual Directors individually and that of the Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committees and Corporate Social Responsibility Committee. Also, the Nomination and Remuneration Committee has carried out evaluation of every director's performance.

A discussion was done considering the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation of the board and committees are carried out on the basis of questionnaires devised in house.

The performance evaluation of the Independent Directors was carried out by the entire Board (excluding the director being evaluated).

The Directors expressed their satisfaction with the evaluation process.

Attendance of Directors at the Board Meetings of the Company held during the year ended 31 March 2016 and the last Annual General Meeting (AGM), Number of Other Directorship(s) and other Board Committee Membership(s) held as on 31 March 2016 are given hereunder.

Sl. No.	Directors' name	No of Shares held	Category	Attendance		Directorship in other public Companies	No. of committee position held in all Companies[1]	
				Board Meetings	Last AGM		As Member	As Chairman
1	Mr. Shyam Sundar Choudhary	3234280	Promoter Executive	4	Y	3	1	-
2	Mr. Bankey Lal Choudhary	1484280	Promoter Managing Director	4	Y	5	-	-
3	Mr. Vijay Kumar Choudhary	3266640	Promoter Executive	1	-	4	-	-
4	Mr. Pavninder Singh[2]	0	Nominee Director (Non Executive) of BC India Investments	3	-	6	-	-
5	Ms. Rita Bhattacharya	0	Nominee Director (Non Executive) of LIC of India	5	Y	-	-	-

Sl. No.	Directors' name	No of Shares held	Category	Attendance		Directorship in other public Companies	No. of committee position held in all Companies[1]	
				Board Meetings	Last AGM		As Member	As Chairman
6	Mr. Rahul Kumar Yadav[3]	0	Nominee Director (Non-Executive)of VCGPIM Limited	0	-	1		
7	Mr. Hardip Singh Mann	0	Independent Non-Executive	4	-	-	-	-
8	Mr. Krishnava Satyaki Dutt	0	Independent Non-Executive	1	-	10	6	3
9	Mr. Sakti Kumar Banerjee	0	Independent Non-Executive	5	-	-	2	-
10	Mr. Santimoy Dey	0	Independent Non-Executive	5	Y	1	2	1
11	Mr. Hanuman Mal Choraria	0	Independent Non-Executive	4	Y	-	1	1
12	Mr. Chandra Shekhar Sarda[4]	0	Independent Non-Executive	2	-	-	-	-

[1] Pursuant to Regulation 26 of the SEBI (LODR) Regulations, 2015, Memberships/Chairmanships of only Audit Committee and Stakeholder's Relationship Committee in all Public Limited Companies (including Himadri Chemicals & Industries Limited) have been considered;

[2] Mr. Pavninder Singh attended the meetings held on 12 August 2015, 9 November 2015 and 12 February 2016 through Video Conferencing;

[3] Mr. Rahul Kumar Yadav, has resigned from the Company w.e.f 31 July 2015

[4] Mr. Chandra Shekhar Sarda has resigned from the Company w.e.f 21 January 2016

g) Formal Letter of Appointment to the Independent Directors

During FY 2015-16 no new Independent Director was appointed, however in case of existing Independent Directors who were duly appointed by the Shareholders at the Annual General Meeting held on 22 September 2015, the Company has already issued appointment letters as per provisions of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 and rules made thereunder and Clause 49 of the erstwhile Listing Agreement. Individual letter of appointment were issued to the Independent Directors on their appointment containing the terms and conditions of their appointment, role, duties and liabilities, evaluation process, code of conduct, etc. The specimen letter of appointment issued to the Independent Directors has been posted on the Company's website at http://www.himadri.com/corporategovernance.php

h) Familiarisation Programme for Independent Directors:

The Company believes that an appropriate induction programme for new Directors and ongoing training for existing Directors makes a significant contribution to the maintenance of high Corporate Governance standards. The Managing Director and the Company Secretary are jointly responsible for ensuring that such induction and training programmes are provided to Directors, who in consultation with the Managing Director ensure that the programmes to familiarize the Non-Executive Directors with the business is maintained over time and kept relevant to the needs of the individual directors and the Board as a whole. The Company, during the year, in terms of SEBI Listing Regulations, conducted a Familiarisation Programme for Independent Directors to familiarize them about their roles, rights and responsibilities in the Company, nature of the Industry in which the Company operates, business model of the Company etc. The details of the familiarisation programme are available on the website of the Company at http://www.himadri.com/Familiarisation%20Programme%20of%20Independent%20Directors.pdf .

i) Codes and Policies

The Board has adopted all applicable codes and policies as per the requirement of the Companies Act, 2013, SEBI (Prohibition of Insider Trading) Regulations, 2015 and SEBI Listing Regulations. The requisite codes and policies are posted on the Company's website at http://www.himadri.com/corporategovernance.php and references thereof have been given elsewhere in this Annual Report.

j) Code of Conduct for all Directors and Senior Management

The Company had adopted the Code of Ethics as the Code of Conduct for all its employees including its Board of Directors and senior management personnel. Code of Ethics anchors ethical and legal behavior within the organisation. The Board of Directors laid down a separate Code for the Non-Executive Directors of the Company. The aforesaid Codes are available on the Company's website at http://www.himadri.com/

CodeofConductHCIL.pdf. All Directors and senior management personnel of the Company as on 31 March 2016 have individually affirmed their compliance with the applicable Code of Conduct. A declaration signed by the Chief Executive Officer to this effect is enclosed at the end of this report. The Code of Conduct for the Non-Executive Directors is in line with the provisions of Section 149(8) and Schedule IV of the Companies Act, 2013 and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

During FY 2015-16, pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of the Company approved and laid down Code of Conduct to regulate, monitor and report Insider Trading by the Company's employees and other connected persons and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information to ensure timely and adequate disclosure of price sensitive information to the Stock Exchange(s) by the Company to enable the investor community to take informed investment decisions with regard to the Company's securities. The Code of Conduct to regulate, monitor and report Insider Trading has replaced the Company's earlier code on Insider Trading framed under the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Company has taken measures to create awareness about the Code among its employees and has implemented a system of reporting details of trading in the securities of the Company by the Designated Persons to the Audit Committee at periodic intervals.

k) Brief Note on the Directors seeking appointment / re-appointment at the 28th Annual General Meeting

The Company furnished information as required by Regulation 34 (2) read with Schedule V of the SEBI Listing Regulations relating to the Directors retiring by rotation and seeking re-appointment including re-appointment of executive / whole time directors upon expiry of the tenure in the Notes appended to the Notice convening the 28th Annual General Meeting. Shareholders may kindly refer the same. The names of the companies in which the Directors hold directorship and membership of committees of the Board are given separately.

Information about Directors proposed to be appointed/ re-appointed as required under Reg. 36(3) of SEBI Listing Regulations is furnished in the Notice convening the ensuing Annual General Meeting.

l) Committees of Board

The Board constituted various committees as mandated under Chapter IV of the SEBI Listing Regulations to function in specific areas and to take informed decisions within delegated powers. Each Committee exercises its functions within the scope and area as defined in its constitution guidelines. These Committees are constituted in conformity of the SEBI Listing Regulations and mentioned as follows:-

Audit Committee
Nomination and Remuneration Committee
Stakeholders' Relationship Committee

m) Other Board Committees

The Board, in addition to the mandatory Committees under Chapter IV of the SEBI Listing Regulations constituted various other committees namely:

Share Transfer Committee
Finance and Management Committee
Corporate Social Responsibility (CSR) Committee
Internal Complaint Committee

3. Audit Committee

a. Composition, Meetings and Attendance

The Audit Committee comprised of three (3) Non-Executive Directors, of which all three are Independent Directors. Mr. Hanuman Mal Choraria, Chairman of the Committee is an Independent and Non-Executive Director with over three decades of experience in Corporate Law, Accounting and Taxation. All the members of the Audit Committee have adequate accounting and financial knowledge and the composition of the Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations with the Stock Exchanges.

The Managing Directors, Statutory Auditors, Internal Auditors and Chief Financial Officer are invited to attend meetings of the Audit Committee. The Key Managerial Personnel and departmental heads are also invited from time to time to provide feedback on the observation of the Internal Auditors. The Company Secretary acts as the Secretary to the Audit Committee.

The Audit Committee met 5 (five) times during the year with a maximum time in between two meetings was not exceeding four months, i.e., on 26 May 2015, 12 August 2015, 9 November 2015, 12 February 2016 and 23 February 2016. The Committee reviewed the results of operation and the statement of significant related party transactions submitted by management. The composition of the Audit Committee and the details of meetings attended by each of the members are given below:

Sl. No	Names of members	Status	No of meetings attended
1	Mr. Hanuman Mal Choraria	Chairman, Independent Non-Executive	4
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	5
3	Mr. Santimoy Dey	Member, Independent Non-Executive	5

b. Terms of reference

The present terms of reference of the Audit Committee are aligned as per the provisions of Section 177 of the Companies Act, 2013 and include the roles as laid out in Part C of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Audit Committee in line with the Companies Act, 2013 and the SEBI Listing Regulations is as follows:

(i) 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;

(ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

b) Changes, if any, in accounting policies and practices and reasons for the same;

c) Major accounting entries involving estimates based on the exercise of judgment by management;

d) Significant adjustments made in the financial statements arising out of audit findings;

e) Compliance with listing and other legal requirements relating to financial statements;

f) Disclosure of any related party transactions;

g) Modified opinion(s) in the draft audit report;

(v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

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

(ix) Scrutiny of inter-corporate loans and investments;

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

(xi) Evaluation of internal financial controls and risk management systems;

(xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xiv) Discussion with internal auditors of any significant findings and follow up there on;

(xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(xviii) To review the functioning of the Whistle Blower mechanism;

(xix) 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;

(xx) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

As stipulated in Part C of Schedule II of SEBI Listing Regulations, the Audit Committee also reviews management discussion and analysis of financial performance, significant related party transactions, and Internal Audit reports relating to internal control and appointment/removal and terms of remuneration of Chief Internal Auditor.

The Audit Committee may also review such matters as considered appropriate by it or referred to it by the Board.

4. Nomination and Remuneration Committee

a. Composition, Meetings and Attendance

The Nomination and Remuneration Committee of the Company has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 as well as in terms of Regulation 19 of the SEBI Listing Regulations comprised of requisite number of Independent Non-Executive Directors. Mr Santimoy Dey, the Independent Non-executive Director is the Chairman of the Committee. The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

The Committee met 1 (One) time during the year i.e. on 31 March 2016 and reviewed the remuneration paid/payable to its Whole-time Directors, Key Managerial Personnel and Senior Executives. The details of meetings attended by each of the members are given below:

Sl. No	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive	1
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	1
3	Mr. Hanuman Mal Choraria	Member, Independent Non-Executive	1

b. Terms of Reference

The present terms of reference of the Nomination and Remuneration Committee are aligned as per the provisions of Section 178 of the Companies Act, 2013 and include the roles as laid out in Part D (A) of Schedule II of the SEBI Listing Regulations. The brief description of the terms of reference of the Nomination and Remuneration Committee in line with the Companies Act, 2013 and the SEBI Listing Regulations is as follows:

i) formulation of the criteria for determining qualifications, positive attitudes 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;

ii) formulation of criteria for evaluation of performance of independent directors and the Board;

iii) devising a policy on diversity of Board of Directors;

iv) identifying 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 there appointment and removal;

v) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

c. Remuneration policy

The Board of Directors of the Company has on the recommendation of the Nomination and Remuneration Committee of the Board approved a Nomination and Remuneration Policy of the Company which, *inter alia*, covers Policy on appointment, remuneration and removal of Directors, Key Managerial Personnel and Senior Management, Policy on succession planning and Policy on Board diversity. This policy is available in the Investor Relations section of the Company's website at http://www.himadri.com/Ploicy%20in%20Nomination%20Committee.pdf

d. Criteria for Performance Evaluation of Independent Directors

The Nomination and Remuneration Committee laid down the criteria for performance evaluation of Independent Non-Executive Directors. They are enumerated as below:

1. Frequency of Attendance and contribution to the Board and Committee meetings of Directors;

2. Appropriate mix of expertise, skills, behavior, experience, leadership qualities, and understanding of business, strategic direction to align Company's value and standards;

3. Adequate understanding and knowledge of finance, accounts, legal, investment, marketing, foreign exchange/hedging, internal controls, risk management, assessment and mitigation, business operations, processes and Corporate Governance.

4. Ability to create a performance culture that adds value creation and a high quality of discussions.

5. Effectiveness to respond positively and constructively to implement the same and to encourage more transparency.

6. Recognize the role which is expected to be played, internal Board Relationships to make decisions objectively and collectively in the best interest of the Company and to achieve organizational successes and harmonizing the Board.

7. Represent presence, rational, physical and mental fitness, broader thinking, vision on corporate social responsibility

8. Adhere to quality of decision and discussion for sourcing of raw material/procurement, export marketing, understanding financial statements and business performance, raising of finance, best source of finance, working capital requirement, Forex dealings, geopolitics, human resources etc.

9. To monitor the performance of management and satisfy himself with integrity of the financial controls and systems in place by ensuring right level of contact with external stakeholders.

10. Contribution towards overall enhancement of brand image of the Company.

e. Remuneration to Directors and Disclosures

i) Non-Executive Directors

The Non-Executives / Independent Directors are not being paid any remuneration by the Company, except sitting fee for attending the meetings. Further, the Company has not entered into any pecuniary relation or transaction with non-executive directors during FY 2015-16 save and except as provided hereunder.

Remuneration to Independent / Non-Executive Directors (Sitting fees)

Sl. No	Name of the Directors	Amount of sitting fees paid (₹)
1	Mr. S.K. Banerjee	172000
2	Mr. Rahul Kumar Yadav	NIL
3	Mr. Hardip Singh Mann	80000
4	Mr. Krishnava Satyaki Dutt	20000
5	Mr. Pavninder Singh	60000
6	Ms. Rita Bhattacharya	100000
7	Mr. Santimoy Dey	172000
8	Mr. Hanuman Mal Choraria	120000
9	Mr. Chandra Shekhar Sarda	40000

Shareholding of Non-executive director(s)

As on 31 March 2016, none of the Non-executive directors were holding any shares or convertible instruments in the Company.

ii) Executive Directors

All managerial remuneration for Executive Director/ Whole-time Directors were approved by the shareholders at the Annual General Meeting and paid in accordance with Schedule V appended to the Companies Act, 2013. The Remuneration package of the Directors is given hereunder:

a) All elements of remuneration package of Individual Directors summarised under major groups, such as salary, benefits, bonuses, stock options, pension etc.:

Components of Remuneration package	Names of Directors		
	Mr. Bankey Lal Choudhary	Mr. Shyam Sundar Choudhary	Mr. Vijay Kumar Choudhary
Salary	₹500,000/- per month	₹500,000/- per month	₹500,000/- per month
Bonus	NIL	NIL	NIL
Perquisites	68,000	68,000	NIL
Stock Options	NIL	NIL	NIL
Pensions	NIL	NIL	NIL

b) Details of fixed components and performance linked incentives along with the Performance Criteria:

As per the remuneration approved by the shareholders, apart from the salary, no performance linked incentive is paid to any of the Director.

c) Service Contract, Notice Period and severance fees:

Sl. No	Name of the Directors	Service Contract Period	Remarks
1	Mr. Bankey Lal Choudhary – Managing Director	3 years	Present tenure valid till 31 March 2019
2	Mr. Shyam Sundar Choudhary – Whole time Director	5 years	Present tenure valid till 31 March 2020
3	Mr. Vijay Kumar Choudhary – Whole time Director	5 years	Present tenure valid till 31 March 2017

d) Stock options, details, if any and whether issued at discount as well as the period over which accrued and over which exercisable:

The Company has not issued any stock options to its Directors of the Company.

A statement of the remuneration paid to the Executive Directors during the year ended on 31 March 2016 is given hereunder:

Sl. No	Name of the Directors	Designation	Gross Salary (₹ In Lakhs)
1	Mr. S.S. Choudhary	Executive Director	60.68
2	Mr. B.L. Choudhary	Managing Director	60.68
3	Mr. V.K. Choudhary	Executive Director	60.00

f) Criteria of making payments to Non-Executive Directors

The criteria for making payments to Non-Executive Directors is placed on the website of the Company at http://www.himadri.com/Criteria%20of%20Payment%20to%20NEDs.pdf

5. Stakeholders' Relationship Committee

a) Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprise of 3 (Three) members. The Committee comprises of Mr. Santimoy Dey, as the Chairman, Mr. S.S. Choudhary and Mr. S.K. Banerjee as its members.

The Committee reviewed the status of Investors' Complaints periodically relating to transfer and transmission of shares, non-receipt of dividend, among others.

During the year, the Committee met 5 (five) times i.e. on 9 April 2015, 11 July 2015, 15 October 2015, 20 January 2016 and 25 March 2016. The details of meetings attended by each of the members are given below:

Sl. No	Names of members	Status	No of meetings attended
1	Mr. Santimoy Dey	Chairman, Independent Non-Executive	5
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	5
3	Mr. Shyam Sundar Choudhary	Member, Executive Director	5

b) Terms of Reference

- To review the issue of Duplicate Shares.
- To review the Status of Unpaid Dividend.
- To review the pending Investors Complaint.
- To review the Secretarial Audit report
- To review the periodical Compliance with Stock Exchange(s).
- To monitor expeditious redressal Investor's Grievances.
- All other matters relating to Shares.

c) Name and Designation of Compliance Officer

Mr. Bajrang Lal Sharma, Company Secretary has been designated as Compliance Officer in terms of Regulation 6(1) (a) of the SEBI Listing Regulations with stock exchange(s). Mr. Kamlesh Kumar Agarwal, Chief Financial Officer of the Company has been authorised under Regulation under 30(5) of the SEBI Listing Regulations for the purpose of determining materiality of an event or information for the purpose of making disclosures to stock exchanges. The shareholders may send their complaints directly to the Company Secretary, Himadri Chemicals & Industries Limited, 23A, Netaji Subhas Road, 8th Floor, Suite No 15, Kolkata - 700 001 or may email at: investors@himadri.com Those members who desire to contact over telephone may do so at 91- 033- 2230 9953 / 4363.

d) Status of Investors' Grievances

There was no pending complaint at the beginning of the year. During FY 2015-16, total 215 complaints were received from investors, and 211 complaints were resolved and the remaining 4 complaints were also resolved subsequently in the first week of April 2016.

The Company regularly updates the status of Investors Complaints on "SCORES", an online portal introduced by SEBI for resolving Investors complaints. There is no complaint pending on this portal.

6. Share Transfer Committee

The Share Transfer Committee comprises of Mr. S.S. Choudhary, as the Chairman, and Mr. B.L. Choudhary as its members. The Committee approves transfer of shares, consolidation /sub-division of shares/ re-materialization and other related matters.

In accordance with Regulation 40 read with Schedule VII of the SEBI Listing Regulations, and in order to expedite the process of share transfer and the redressal of investors' grievances, the Board has delegated its powers with the Company Secretary of the Company, who periodically visits the office of the Company's Registrar and Share Transfer Agent M/s S. K. Infosolutions Pvt. Ltd and monitors the activities.

The Committee holds periodical meetings for transfer and transmission of shares and co-ordinates with Company's Registrar & Share Transfer Agent. During FY 2015-16, the Committee met 9 (nine) times.

The Company confirms that there were no share transfers lying pending as on 31 March 2016 and all request for de-materialization and re-materialization of shares as on that date were confirmed / rejected into the NSDL / CDSL system.

7. Finance and Management Committee

The Finance and Management Committee comprises of Mr. S.S. Choudhary and Mr. B.L. Choudhary as its members. During the FY 2015-16, the committee met 21 (twenty one) times.

Terms of reference

The terms of reference of Finance and Management Committee include the following:

- Giving authority to Employees for representing the Company at various Court of Law
- To Sign and execute documents, letters on behalf of the Company in compliance with the various rules and regulations made under the various enactments
- To sign and execute documents, letters, agreements on behalf of the Company other matters incidental to then business of the Company in ordinary course of business
- Borrow moneys (otherwise than issue of debentures) from time to time for its' projects expansion and working capital and providing security;
- Execution of documents with banks and financial institutions;
- Opening of banking accounts with banks;
- Investing the funds of the Company
- Making loans in ordinary course of business;
- All other day-to-day operations of the Company.

8. Corporate Social Responsibility (CSR) Committee

The Company in terms of Section 135(1) of the Companies Act, 2013 has constituted Corporate Social Responsibility Committee Consisting following Directors as members:

a. Mr. Shyam Sundar Choudhary, (Whole Time Director)
b. Mr. Santimoy Dey (Independent Director)
c. Mr. Sakti Kumar Banerjee (Independent Director)

Terms of reference

The terms of reference of Corporate Social Responsibility include the following:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the activities referred above and
- To monitor the Corporate Social Responsibility Committee from time to time.

During the FY 2015-16, the committee met 2 (two) times.

9. Internal Complaint Committee

The Company has an Internal Complaint Committee Consisting of following members:

Sl. No	Name	Designation
1	Ms. Naireeta Chakraborty	Presiding Officer
2	Dr. Soumen Chakraborty	Member
3	Ms. Rashmita Roy	Member
4	Mr. P.K. Chattaraj	Member

Terms of reference

The terms of reference of Internal Complaint Committee include the following:

i) The Committee shall act in accordance with the Provisions of the Act and rules (including any statutory modifications, alteration or re-enactment thereon for the time being in force) made there under including the service rules, if any made applicable on the employee of the Company;

ii) The Committee shall follow the service rules while dealing with the complaints in case the complaints is against the employee of the Company and deal with the matter keeping in view the principal of natural justice;

iii) The Committee shall maintain all records relating to Complaints received and their redressal;

iv) The Committee shall hold such meetings as may be required from time to time for redressal of the Complaints made under the provisions of the Act.

v) The Committee shall ensure to maintain high degree of confidentiality with regards to the aggrieved person as well as the respondent;

vi) The Committee shall organise such number workshops or awareness programme from time to time for educating the employees of the Company in this regard;

vii) The Committee shall prepare an Annual Report ending 31 December each year in terms of Section 21 of the Act read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 containing the following details:

a) Number of complaints of sexual harassment received in the year;

b) Number of complaints disposed off during the year;

c) Number of cases pending for more than ninety days;

d) Number of workshops or awareness programme against sexual harassment carried out;

e) Nature of action taken by the employer or District Officer

The Committee has submitted the Annual Report to the Employer and to the Board in terms of Section 21 of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no complaint received by the Committee during FY 2015-16.

10. General Body meetings

i) **Details of location, time and date of the last three Annual General Meetings are given below:**

Financial Year	Number of the AGM	Date	Venue	Time
2012-13	25th AGM	23 September 2013	" Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017	10.00 am
2013-14	26th AGM	24 September 2014	" Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017	10.00 am
2014-15	27th AGM	22 September 2015	" Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017	10.00 am

ii) Details of Special Resolution(s) passed during the last three years in Annual General Meetings.

25th AGM held on 23 September 2013	1. Re-appointment of Mr. B. L. Choudhary as Managing Director in terms of Section 198, 269, 309, 310, 311, 314 read with all other applicable provisions, if any, of the Companies Act, 1956 for a period of 3 years with effect from 1 April 2013;
	2. Holding office or place of profit by Mr. Anurag Choudhary as Chief Executive Officer of the Company for a period of three years with effect from 1 July 2013 in terms of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of profit) Rules, 2003 subject to the approval of the Central Government;
	3. Holding office or place of profit by Mr. Tushar Choudhary as President – Operations of the Company for a period of three years with effect from 1 July 2013 in terms of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of profit) Rules, 2003 subject to the approval of the Central Government;
	4. Holding office or place of profit by Mr. Amit Choudhary as President – Projects of the Company for a period of three years with effect from 1 July 2013 in terms of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of profit) Rules, 2003 subject to the approval of the Central Government;
26th AGM held on 24 September 2014	1. Holding and continuing to hold office or place of profit by Mr. Anurag Choudhary as Chief Executive Officer of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Companies Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014;
	2. Holding and continuing to hold office or place of profit by Mr. Tushar Choudhary as President – Operations of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Companies Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014;
	3. Holding and continuing to hold office or place of profit by Mr. Amit Choudhary as President – Projects of the Company at a remuneration under the scale of 3,00,000- 10,000- 20,000- 20,000- 3,50,000 per month, not exceeding in aggregate of 77,30,000 with effect from 1 January 2015 in terms of Section 188(1)(f) of the Companies Act, 2013 read with sub- rule 3(ii)(b) of Rule 15 of Companies (Meetings of the Board and its Powers) Rules, 2014;
	4. Consent of the Shareholder u/s 180(1)(a) of the Companies Act, 2013 accorded to the Board for mortgaging, hypothecating, creation of charge etc on all or any of the Company's assets and properties for securing loans taken, upto an aggregate amount not exceeding ₹5000 Crores;
	5. Consent of the Shareholder u/s 180(1)(c) of the Companies Act, 2013 accorded to the Board to borrowing from time to time, both in Indian and foreign currencies, in various forms of lending, any sum or sums of monies as it may deem proper, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, if any, (apart from temporary loans obtained in ordinary course of business) may exceed at any time, the aggregate of the paid up capital and free reserves, provided that the total amount to be borrowed by the by the Board together with monies already borrowed shall not exceed ₹5000 Crores;
	6. Alteration of Articles of Association of the Company in terms of Section 14 of the Companies Act, 2013
	7. Consent of the Shareholder in terms of Section 188 of the Companies Act, 2013 to the Board for entering into transaction, contracts or arrangements with the related parties (Subsidiaries): - For AAT Global Ltd and /or Shandong Dawn Himadri Chemical Industry Limited upto ₹500 Crores - For Equal Commodeal Private Limited upto ₹200 Crores

27th AGM held on 22 September 2015	1.	Re-appointment of Mr. Bankey Lal Choudhary (DIN: 00173792), as Managing Director of the Company for a further period of 3 (Three) years with effect from 1 April 2016;
	2.	Re-appointment of Mr. Shyam Sundar Choudhary (DIN: 00173732), as Whole time Director of the Company for a further period of 5 (five) years with effect from 1 April 2015;

iii) During the FY 2015-16, the Company did not pass any special resolution by way of postal ballot.

iv) No Special Resolution at present is proposed to be passed through Postal Ballot.

v) During FY 2015-16, An Extra Ordinary General Meeting of the members of the Company was held at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata – 700017 on Tuesday the 22 March 2016 at 10.30 am *inter-alia* to pass a special resolution for Issue and Allotment of 3,26,75,297 equity shares of ₹1/- each on Preferential basis to one of the promoter group Company (Himadri Coke and Petro Limited) at a price of ₹19/- per Share (including a premium of ₹18/- per Share) aggregating to ₹62,08,30,643/- in lieu of Deep Discount Debentures. The price was determined by an Independent Valuer pursuant to Regulation 73(3) of the ICDR Regulations. These Shares are listed at the BSE and NSE and are locked in for a period of three years.

11. Subsidiary Companies

The Company has an unlisted non-material wholly owned Indian subsidiary Company, Equal Commodeal Private Limited ('ECPL'). The Company also has further two subsidiary Company 1) AAT Global Limited in which the Company holds 100% equity through its wholly owned Indian Subsidiary, 2) Shandong Dawn Himadri Chemical Industry Limited ("SDHCIL") in China, in which the Company holds 94% equity through its wholly owned subsidiary Company, AAT Global Limited.

The Board of Directors of the Company regularly reviews the minutes of the Board Meetings, financial statements (in particular investments made and significant transactions and arrangements (if any) entered into by the unlisted subsidiary companies. The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted Subsidiary Company.The Company has duly formulated a policy for determining 'material' subsidiaries. The main objective of the policy is to ensure governance of material subsidiary companies.

The web link for Policy for determining Material Subsidiaries is placed on the website of the Company is www.himadri.com/Himadri_Policy_for_determining_material_subsidiary.pdf

12. Means of communication

a. **Quarterly/Annual Financial Results:** The unaudited quarterly financial results are announced within 45 days from the end of each quarter and the audited annual results are announced within 60 days from the end of the last quarter. These financial results, after being taken on record by the Audit Committee and Board of Directors, are communicated to the Stock Exchange(s) where the shares of the Company are listed. Any news, updates, or vital/useful information to shareholders are being intimated to Stock Exchange(s) and are being displayed on the Company's website: www.himadri.com

b. **Newspapers:** During FY 2015-2016, financial results (Quarterly & Annual) were published in newspapers viz. The Financial Express, Economic Times, Business Standard in English (all editions), Jansatta (Hindi) and Arthik Lipi/ Ei Samay (Vernacular) in the format prescribed under Annexure XI of the SEBI Listing Regulations with the Stock Exchanges where the shares of the Company are listed.

c. **Website:** The financial results are also posted on the Company's Website at www.himadri.com The Company's website provides information about its business and the section on "Investor Relations" serves to inform and service the Shareholders allowing them to access information at their convenience.

d. **Annual Report:** Annual Report is circulated to all the members within the required time frame, physically through post and via e-mail, wherever the e-mail ID is available in accordance with the "Green Initiative Circular" issued by MCA. The shareholders have been provided e-voting option for the resolutions passed at the general meeting to vote as per their convenience.

e. **E-mail ID of the Registrar & Share Transfer Agent:** All the share related requests/queries/ correspondence, if any, are to be forwarded by the investors to the Registrar and Transfer Agent of the Company, M/s S.K. Infosolutions Pvt. Ltd 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006 and/ or e-mail them to skcdilip@gmail.com

f. **Designated E-mail ID for Complaints/ Redressal:** In compliance of Regulations of SEBI Listing Regulations entered into with the Stock Exchange(s), the Company has designated an e-mail ID investors@himadri.com exclusively for the purpose of registering complaints/ grievances by investors. Investors whose requests/ queries/correspondence remain unresolved can send their complaints/ grievances to the above referred e-mail ID and the same would be attended to promptly by the Company.

g. **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for Corporates. Any Corporate Action *inter-alia* the Shareholding Pattern, Corporate Governance Report, Financial Results, disclosures with respect to Board Meeting or any other Corporate Action Announcements are filed electronically on NEAPS.

h. **BSE Corporate Compliance & Listing Centre:** The Listing Centre is a web-based application designed by BSE for Corporates. Any Corporate Action *inter-alia* the Shareholding Pattern, Corporate Governance Report, Financial Results, and other intimations are filed electronically on BSE's Listing Centre.

i. **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redressal system through SCORES. The Action Taken Reports are uploaded online by the Company for any complaints received on SCORES platform, thereby making it convenient for the investors to view their status online.

j. **News releases/Investor Updates and Investor presentations:** The Company during the year has not made any specific presentation to any Institutional Investor; however, the Company usually uploads a general presentation, press release, earning release periodically about the Company and its business on the website for the benefit of all the stakeholders.

13. General Shareholder Information

i) Annual General Meeting for FY 2015-16 is to be held at Bhartiya Bhasha Parishad, 36A Shakespeare Sarani, Kolkata- 700 017 on Saturday, 24 September 2016 at 10.00 am. The shareholders may exercise their right to vote through electronic means as provided in the notice convening the meeting.

ii) Tentative Schedule for the Board Meetings for FY 2016-17

Financial Year	2016-17
Board meetings for approval of quarterly results	
-Quarter ended 30 June 2016	Within 2nd Week of August 2016
-Quarter ended 30 September 2016	Within 2nd week of November 2016
-Quarter ended 31 December 2016	Within 2nd week of February 2017
-Audited Financial Results for the year ended 31 March 2017	Within 60 days from the end of the financial year
Annual General Meeting for FY 2016-17	In accordance with Section 96 of the Companies Act, 2013
Posting of Annual Report	21 (clear) days before the meeting
Posting of Dividend Warrants	Within 30 days from the date of AGM
Receipt of Proxy Forms	Atleast 48 hrs before the meeting

iii) Date of Book Closures

The Share Transfer and Register of Members of the Company will remain closed from 17 September 2016 to 24 September 2016 (both days inclusive).

iv) Listing of Securities on stock exchange(s)

Equity Shares: The Company's shares are presently listed on the following stock exchange(s):

Sl. No	Stock exchange	Listing code
1	BSE Limited P. J. Towers, Dalal Street, Fort Mumbai- 400 001	500184
2	National Stock Exchange of India Ltd "Exchange Plaza" Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051	HCIL

The Company has remitted the listing fee to the stock exchanges.

Non-Convertible Debentures: The Non-Convertible Debentures (NCDs) issued by the Company on private placement basis aggregating to ₹250 Crores are listed at BSE Ltd. The details are given hereunder:

Sl. No.	Details of NCD	Stock Exchange	Listing Code	ISIN Number
1	9.60% Secured, Redeemable Non-Convertible Debentures of ₹10,00,000/- each aggregating to ₹100 Crores issued on Private placement basis to ICICI Bank Limited	BSE Ltd.	946770	INE019C07015
2	10.00 % Secured, Redeemable Non-Convertible Debentures of ₹400/- each aggregating to ₹100 Crores issued on Private placement basis to LIC of India	BSE Ltd.	946887	INE019C07023
3	12.50% Secured, Redeemable Non-Convertible Debentures of ₹10,00,00/- each aggregating to ₹50 Crores issued on Private placement basis to LIC of India	BSE Ltd.	949610	INE019C07031

The Company has been regular in making payment of interest on these debentures. The Company has remitted the listing fee to the Stock Exchange(s).

v) Market price data

Monthly high / low market price of the shares during FY 2015-16 at the BSE Limited and at National Stock Exchange of India Ltd were as under: -

Month	BSE		NSE	
	Amount in ₹		Amount in ₹	
	High	Low	High	Low
Apr-15	25.05	15.25	24.95	15.40
May-15	19.70	15.35	19.80	16.05
Jun-15	17.00	13.20	17.40	14.50
Jul-15	22.80	13.85	22.55	15.10
Aug-15	25.80	14.05	25.40	13.65
Sep-15	16.75	14.60	16.80	14.55
Oct-15	18.70	15.10	18.70	15.40
Nov-15	17.75	14.70	18.05	14.25
Dec-15	17.70	12.46	17.65	12.45
Jan-16	16.55	12.80	16.70	12.85
Feb-16	18.24	14.05	18.25	13.95
Mar-16	16.74	14.89	16.70	14.85

vi) Registrar and Share Transfer Agent

The Company engaged the services of M/s S.K. Infosolutions Pvt. Ltd of 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, a SEBI registered Registrar as its Share Transfer Agent for processing the transfer, sub-divisions, consolidation, splitting of securities among others. Since the shares are compulsorily required to be traded in dematerialized form, shareholders are requested to get their physical shareholdings converted into DEMAT form through their depository.

All the queries related with shares may be forwarded directly to the Company's Registrar. The Company has made necessary arrangements with Depositories *viz* NSDL/CDSL for dematerialization of shares. M/s S.K. Infosolutions Pvt. Ltd was appointed as common agency to act as transfer agent for both physical and demat shares.

Shareholders are requested to surrender the old share certificates having Face Value of ₹10/- each to the Registrar and Share Transfer Agent for cancellation and issue of new certificates of face Value of ₹1/- each pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28 September 2010, for which the Record Date was fixed on 9 November 2010.

vii) Share Transfer System

The Company ensures that all transfers are duly affected within a period of fifteen days from the date of their lodgment. The Board constituted a Share Transfer Committee for approval of the transfers, which meets on regular intervals. Share Transfer, Duplicate issue of shares and all other investors' related activities are attended to and processed at the office of the Registrar and Share Transfer Agent, M/s S.K. Infosolutions Pvt. Ltd, Kolkata.

Pursuant to Regulation 40(9) of the SEBI Listing Regulations, certificate on half-yearly basis is filed with the Stock Exchange(s) for due compliance of share transfer formalities by the Company.

viii) Nomination facilities

Section 72 of the Companies Act, 2013 read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, provides for the facility of nomination to shares and debentures. This facility is mainly useful in case of those holders who hold their shares in single name. Investors are advised to avail of this facility, especially those holding shares in single name to avoid any complication in the process of transmission, in case of death of the holders.

In case the shares are held in physical mode, the nomination form may be obtained from the Registrar & Share Transfer Agents. In case of shares held in Demat form, such nomination is to be conveyed to the D/P as per the formats prescribed by them.

ix) Dividend remittance

Dividend on equity shares as recommended by the Board for the year ended 31 March 2016, when declared at the meeting will be paid:

i) in respect of shares held in electronic form, to those persons whose names appear as beneficial owners in the statement (s) furnished by the Depositories as on the close of the market day prior to start of book closure and

ii) in respect of shares held in physical form, to those Shareholders whose names appear on the Company's register of members after giving effect to all valid share transfers in physical form lodged with the Company before the start of date of book closure.

Members may please note that the dividend warrants shall be payable at par at the designated branches of the bank for an initial period of three months. The members are therefore advised to encash dividend warrants within the initial validity period of three months. After expiry of initial validity period, bank draft will be issued against cancellation of warrants.

x) Electronic Clearing Service – ECS

Members desirous of receiving dividend by direct electronic deposits of dividend vide ECS in their account may authorise the Company with their mandate. Members are requested to provide necessary details of their bank account to Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700006, Ph No: 91-033- 22196797/ 4815.

xi) Bank details in case of physical Shareholdings

With a view to provide protection against fraudulent encashment of dividend warrants, members are requested to provide, if not provided earlier, their bank account number, bank account type, names and address of bank branches, with their folio number to Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, to enable them to print the same on dividend warrants. This is a mandatory requirement in terms of SEBI circular No. D&CC/ FITTC / CIR-04/ 2001 dated 13 November 2001.

xii) Unclaimed / Unpaid Dividend

The amount of unclaimed dividend are lying credit in separate bank accounts. Members may please note that pursuant to Section 205C of the Companies Act, 1956 the amount lying in credit of any unpaid dividend account if remained un-claimed for 7 years from the date they became due for payment shall be transferred to the Investor Education and Protection Fund. As on 31 March 2016, the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

Financial Year	Date of declaration	Amount Unpaid/ unclaimed as on 31.03.2016	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2008-09	17 September 2009	542,637.00	23 October 2016	State Bank of India
2009-10	28 September 2010	535,083.00	3 November 2017	State Bank of India
2010-11	28 September 2011	526,963.20	3 November 2018	State Bank of India
2011-12	29 September 2012	554,958.20	4 November 2019	State Bank of India
2012-13	23 September 2013	589,335.40	29 October 2020	State Bank of India
2013-14	24 September 2014	573,206.30	30 October 2021	State Bank of India

Therefore, members who have so far not encashed their dividend warrants or have not received the dividend warrants may write to the Company or its' Share Transfer Agents for issue of duplicate dividend warrants / drafts.

xiii) Distribution of Shareholding and Shareholding Pattern as on 31 March 2016

Distribution of Shareholding as on 31 March 2016

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Up to 500	7,856	38.12	16,71,990	0.4
501 - 1000	6,293	30.53	60,37,257	1.44
1001 – 2000	2,984	14.48	53,64,385	1.28
2001 – 3000	1,192	5.78	30,70,906	0.73
3001 – 4000	432	2.10	16,41,672	0.4
4001 – 5000	508	2.46	24,88,118	0.59
5001 – 10000	589	2.86	47,17,162	1.13
10001 – 50000	557	2.70	1,25,83,360	3.01
50001 – 100000	87	0.42	64,62,193	1.54
100000 and above	112	0.54	37,43,70,824	89.48
Total	**20,610**	**100.00**	**41,84,07,867**	**100.00**

Shareholding pattern as on 31 March 2016

	Category of shareholders	Number of shareholders	Number of shares	% of holding
(A)	Promoter Group			
(a)	Directors & relatives	8	1,27,28,600	3.04
(b)	Bodies corporate	4	19,20,86,607	45.91
	Sub- total (A)	**12**	**20,48,15,207**	**48.95**
(B)	Non-promoters			
(a)	Mutual funds / UTI	1	3,000	0.00
(b)	Financial institutions	1	2,000	0.00
(c)	Foreign Company	1	10,31,78,860	24.66
(d)	Bodies corporate	688	4,25,77,025	10.18
(e)	Individuals	19,779	6,71,08,255	16.04
(f)	NRI(s)	125	7,09,520	0.17
(g)	Nationalised Bank	3	14,000	0.00
	Sub Total (B)	**20598**	**21,35,92,660**	**51.05**
	Total (A) + (B)	**20,610**	**41,84,07,867**	**100.00**

xiv) Dematerialization of shares and liquidity

The shares of the Company are under compulsory demat list of SEBI and it has joined as a member of the Depository services with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as an Issuer Company for dematerialization of its' shares. Shareholders can get their shares dematerialized with either NSDL or CDSL.

Pursuant to stock split approved by the shareholders at the Annual General Meeting held on 28th September 2010, each equity shares of face value of ₹10/- each has been sub-divided into ten equity shares of ₹1/- each and the depositories allotted the following new ISIN number to the Company:

NSDL - INE 019C01026	CDSL - INE 019C01026

As on 31 March 2016, out of the 41,84,07,867 equity shares of the Company 37,75,46,325 shares were held in Electronic form representing 90.23 % to the total paid up capital, whereas balance of 4,08,61,542 shares were held in physical form representing 9.77% to the total paid up share capital of the Company.

xv) Stock Performance in comparison to broad-based indices

Financial Year	BSE SENSEX		NSE CNX NIFTY	
	Change in Himadri Share Price	Change in SENSEX	Change in Himadri Share Price	Change in Nifty
2015-16	+4.80%	-9.36%	+4.30%	-8.86%

xvi) Outstanding Foreign Currency Convertible Bonds

In the year 2009-10, the Company had issued to International Finance Corporation (IFC), 70 Foreign Currency Convertible Bonds (FCCBs) having a face value of USD 100,000 each aggregating to USD 7 million. FCCBs are hybrid instruments with an option of conversion into Equity shares and an underlying foreign currency liability with redemption in the event of non- conversion at the end of the period.

The bondholder was having an option of conversion of these bonds into Equity shares at any time within a period of 7 years from the date of issue at an initial conversion price of ₹13.50/- per share (face value of ₹1/- each) at the exchange rate prevailing on the date of conversion request. However, the Investor has intimated the Company that it shall not exercise the option of conversion as vested with them, accordingly the Company has redeemed the FCCBs within due date in the month of April 2016.

xvii) Foreign Exchange Risk and Hedging activities

In terms of the SEBI Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report. Disclosures relating to risks including commodity price risk, foreign exchange risk, etc., have been adequately covered under the Management Discussion and Analysis Report.

xviii) Locations of Plants

Sr. No.	Location of Plant
1	Liluah Unit (Howrah), 58, N.S. Road, Liluah, Howrah - 711 204 (W. B.)
2	Liluah Unit (Howrah), 27-B, Gadadhar Bhatt Road, Liluah, Howrah- 711 204 (W.B.)
3	Mahistikry, P.S.- Haripal, District- Hooghly (W.B.)
4	Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN- 530 013 (A. P.)
5	Vill- Jhagrah, Rajgamar Colliery, Korba- 495683 (Chhattisgarh)
6	Wind Mills Division: a. Vill- Amkhel: Taluka- Sakri, District- Dhule, Maharashtra b. Vill- Titane, Taluka- Sakri, District- Dhule, Maharashtra
7	Vapi Unit G.I.D.C., Phase I, Vapi, Gujarat
8	Falta Special Economic Zone J.L. No 1, Dag No: 49,50,51, Sector- II, Vill- Simulberia, P.O.- Falta, Dist- 24 Pgs (South) West Bengal -743504
9	China Unit, Longkou, Shandong, China.

xix) Address for correspondence

All communication may be sent to Mr. B.L. Sharma, Company Secretary and Compliance Officer at the following address:

Himadri Chemicals & Industries Limited,
23A, Netaji Subhas Road, 8th Floor, Suite no 15
Kolkata - 700 001
Phone number: (033) 2230 9953/ 2230 4363
Fax No 91-33-2230-9051,
e-mail: investors@himadri.com.

All shares related queries may be sent to the Company's Registrar and Share Transfer Agent, M/s S. K. Infosolutions Pvt. Ltd, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006. Ph No: 91-033- 22196797/ 4815.

14. Other Disclosures

i. **Materially significant related party transactions (i.e. transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc.) that may have potential conflict with the interests of the Company at large;**

The Company has not entered into any materially significant related party transaction during the year with any of the related parties which may have potential conflict with the interest of the Company.

The related party transactions constitute of the contracts or arrangements, made by the Company from time to time, with Companies in which Directors are interested. The Audit Committee reviews periodically the significant related party transactions and the Committee provided omnibus approval for related party transaction which are in ordinary course of business (repetitive in nature) and are on Arm's Length basis. All transactions covered under the related party transactions are regularly ratified and / or approved by the Board. There were no material transactions during FY 2015-16 that were prejudicial to the Company's interest.

There are no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management and their subsidiaries or relatives that may have potential conflict with Company's interest at a large.

Related party transactions as per requirements of Accounting Standard 18 (AS18) "Related Party Disclosures" are disclosed in the Notes to the Financial Statements of the Company for the year ended 31 March 2016.

ii. **Reconciliation of Share Capital Audit Report;**

A qualified Practising Company Secretary has carried out exercise of Reconciliation of Share Capital to the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of Share Capital confirms that the total issued / paid up capital was in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

iii. **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets, during the last three years;**

The Company complied with the requirements of the Stock Exchange(s)/ SEBI and statutory authorities on all matters related to capital markets. There were no instances of non-compliance on any matter relating to the capital market during the last three years. There were no penalties or strictures imposed on the Company by the Stock Exchange(s), SEBI or any statutory authority in any matter related to capital markets.

iv. **Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee;**

The Company has adopted a Vigil Mechanism and Whistle Blower Policy and the same is uploaded on the website of the Company. Mr. Bajrang Lal Sharma, Company Secretary is appointed as Vigilance Officer by the Board for this purpose. During the year, Vigilance Officer has conducted various workshops and awareness programmes for the employees of the Company working at various locations (plant at Mahistikry, Vishakhapatnam and at Head Office). The whistle blowers may also lodge their complaints/concern with the Chairman of the Audit Committee, whose contact details are provided in the Whistle Blower Policy of the Company. The Policy also offers appropriate protection to the whistle blowers from victimization, harassment or disciplinary proceedings.

v. **Mandatory and non-mandatory requirements;**

The Company has complied with the mandatory requirements and has adopted a few non-mandatory requirements as specified under Regulations of SEBI Listing Regulations, which are reviewed by the management from time to time.

vi. **Details of compliance with non mandatory (discretionary) requirements;**

The Company complies with the following non mandatory (discretionary) requirements as specified in Part E of Schedule II of SEBI Listing Regulations:

a. Shareholders' Rights

The Company's financial results are published in the newspapers and also posted on its own website (www.himadri.com). Hence, the Financial Results deemed to be sent to the shareholders. However, the Company furnishes the financial results on receipt of request from the shareholders.

The Company had sent Annual Reports for 2015 together with Notice of the Annual General Meeting in electronic mode to those shareholders who had given their consent in this regard and registered their e-mail addresses with the Company's RTA or the Depositories for this purpose. For other shareholders, who had not registered their email ids, the complete Annual Report for 2015 in physical form was sent at their registered address.

b. Audit Qualification

The Company, at present, does not have any audit qualification pertaining to the financial statements.

c. Reporting of Internal Auditor

The Company's Internal Auditor reports directly to the Audit Committee.

vii. **Proceeds from Public Issues, rights issue, preferential issues, etc.;**

The Company has not raised any money through an issue of Securities by means of Public issue, Rights Issue, Preferential Issue, etc. during the financial year ended 31 March 2016. However, the Company during the year has Issued and Allotted 3,26,75,297 equity shares of ₹1/- each on Preferential basis to one of the promoter group Company (Himadri Coke and Petro Limited) at a price of ₹19/- per Share (including a premium of ₹18/- per Share) aggregating to ₹62,08,30,643/- in lieu of Deep Discount Debentures. The price was determined by an Independent Valuer pursuant to Regulation 73(3) of the ICDR Regulations. These Shares are listed at the BSE and NSE and are locked in for a period of three years.

viii. **Web link where policy on determining 'material' subsidiaries is disclosed;**

The Company has formulated a policy pursuant to provisions of Chapter IV of SEBI Listing Regulations to determine material subsidiaries. The policy is posted on the website of the Company and the web link for the same is:

http://www.himadri.com/Policy%20on%20Determination%20of%20Material%20Subsidiary.pdf

ix. **Web link where policy on dealing with related party transactions;**

The Company has duly formulated a Policy on dealing with Related Party transactions. The Company recognizes that certain transactions present a heightened risk of conflicts of interest or the perception thereof and therefore has adopted this Policy to ensure that all Related Party Transactions with Related Parties shall be subject to this policy and approval or ratification in accordance with Applicable Law. This Policy contains the policies and procedures governing the review, determination of materiality, approval and reporting of such Related Party Transactions. The link for the same as placed on the website of the Company is

www.himadri.com/Himadri_Policy_on_materiality_of_Related_Party.pdf

x. **Disclosure of commodity price risks and commodity hedging activities.**

Disclosure of commodity price risks and commodity hedging activities has been adequately covered under the Management Discussion and Analysis Report.

For and on behalf of the Board

	Sd/-	Sd/-
	B.L. Choudhary	S.S. Choudhary
Place: Kolkata	*Managing Director*	*Executive Director*
Dated: 21 May 2016	(DIN: 00173792)	(DIN: 00173732)

Declaration by the Chief Executive Officer

Pursuant to Regulation 34 (3) {Schedule V Paragraph D] of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members of
Himadri Chemicals & Industries Limited

I, Anurag Choudhary, Chief Executive Officer of the Company declare that to the best of my knowledge and belief, all the Members of the Board and the designated personnel in the Senior Management personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the financial year ended 31 March 2016.

For Himadri Chemicals & Industries Limited

Sd/-
Anurag Choudhary
Chief Executive Officer
Date: 23.05.2016

Practising Company Secretaries' Certificate on Corporate Governance

as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Members
Himadri Chemicals & Industries Ltd
Kolkata

We have examined the compliance of Corporate Governance by Himadri Chemicals & Industries Limited ("the Company") for the period between April 1, 2015 and March 31, 2016, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations, 2015") / Clause 49 of the Listing Agreements of the said Company with stock exchange(s) (as applicable) ("Listing Agreement").

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

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors, the management and the Company's officers, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations/Listing Agreements (as applicable).

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

For Vinod Kothari &Company
Practising Company Secretaries

Sd/-
Aditi Jhunjhunwala
Partner
CP No. 10144

Dated: 21 May 2016
Place: Kolkata

CEO & CFO CERTIFICATION

To
The Members of
Himadri Chemicals & Industries Limited
23A, Netaji Subhas Road, 8th Floor, Suite No 15,
Kolkata - 700 001

Sub: CEO & CFO certification in terms of Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

We,

1) Anurag Choudhary, Chief Executive Officer and

2) Kamlesh Kumar Agarwal, Chief Financial Officer

Certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended 31 March 2016 and that to the best of our knowledge and belief:

   1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal control, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:

   i) Significant changes in internal control over financial reporting during the year;

   ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	Sd/-	Sd/-
Place: Kolkata	**Anurag Choudhary**	**Kamlesh Kumar Agarwal**
Date: 23 May 2016	*Chief Executive Officer*	*Chief Financial Officer*

INDEPENDENT AUDITORS' REPORT

To the Members of
Himadri Chemicals & Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Himadri Chemicals & Industries Limited ("the Company") which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors' consider internal financial control relevant to the Company's preparation of the 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2016, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013 we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

    c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    e. On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

    g. With respect to the other matters to be included in the Auditors' 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 explanation given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - refer note 31(a), 37 and 40 to the financial statements;

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - refer note 35 to the financial statements;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No.: 055757

Place: Kolkata
Date: 23 May 2016

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration No.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No.: 050251

Place: Kolkata
Date: 23 May 2016

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013. Registered office: Lodha Excelus, 1 Floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalakshmi, Mumbai - 400011.

Annexure –A to the Independent Auditors' Report

(Referred to in our report of even date)

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

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, certain items of fixed assets have been physically verified during the year and no material discrepancies were noticed on such verification.

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

(ii) The inventory, except stock lying with third parties and goods in transit, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stock lying with third parties as at the year end, written confirmations have been obtained by the management. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, provisions of paragraph 3(iii) of the Order are not applicable to the Company.

(iv) The provisions of Section 185 are not applicable to the Company. In our opinion and according to the information and explanations given to us, with respect to the loans, investments and guarantees given, the Company has complied with the provisions of Section 186 of the Act. The Company has not provided any security under the provisions of Section 186 of the Act.

(v) The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and rules framed thereunder. Accordingly, provisions of paragraph 3(v) of the Order are not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act, in respect of the products manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Value added tax, Service tax, Customs duty, Excise duty, Cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Value added tax, Service tax, Customs duty, Excise duty, Cess and any other material statutory dues were in arrears as at 31 March 2016, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Value added tax, Service tax, Customs duty and Excise duty which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

Name of the statute	Nature of the dues	Total amount under dispute (₹ in Lakhs)	Total amount paid under protest (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act, 1956	Central Sales tax	775.8	5.02	2005 to 2012	Appellate and Revision Board
		30.45	7.61	2005-2006	Sales Tax Appellate Tribunal
		369.16	55.37	2012-2013	Senior Joint Commissioner
West Bengal Value Added Tax Act, 2003	Value added tax	2,119.43	-	2005 to 2011	Appellate and Revision Board
		257.91	-	2005-2006	Senior Joint Commissioner -Special Cell

Annexure –A to the Independent Auditors' Report *(continued)*

Name of the statute	Nature of the dues	Total amount under dispute (₹ in Lakhs)	Total amount paid under protest (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise duty	433.42	-	2006 to 2008	Custom Excise and Service Tax Appellate Tribunal
		7.29	-	2011 to 2013	Assistant Commissioner of Central Excise
		9.41	0.16	2004 to 2012	Commissioner (Appeals) of Central Excise
		30.66	-	2011-2012	Additional Commissioner of Central Excise
		718.12	204.56	2010-2011	Commissioner of Central Excise
		1.13	-	2014-2016	Deputy Commissioner of Central Excise
		19.97	-	2011-2012	Joint Commissioner of Central Excise
The Custom Act, 1962	Custom duty	28.83	3	2000-2001	Custom Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	50.33	-	2010-2011	Commissioner of Central Excise
Chhattisgarh Entry Tax Act, 1976	Entry tax	353.21	189.9	2012-2016	Hon'ble High Court of Judicature Chhatisgarh at Bilaspur.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution, banks, government or debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, provisions of paragraph 3 (ix) of the Order are not applicable to the Company.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

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

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

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and Section 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.

(xiv) During the year, the Company has issued 32,675,297 number of equity shares of ₹1 per share, to Himadri Coke & Petro Limited, a related party covered under Section 189 of the Act, at a price of ₹19 per share (including premium of ₹18 per share) on preferential basis in consideration for other than cash, in lieu of 12,300 Deep Discount Debentures valued at ₹6,208.30 lakhs by an independent qualified valuer. According to the information and explanations given to us, the Company has complied with the requirements of Section 42 of the Act to the extent applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them in respect of which provisions of Section 192 of the Act are applicable. Accordingly, provisions of paragraph 3(xv) of the Order are not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934. Accordingly, provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No.: 055757

Place: Kolkata
Date: 23 May 2016

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration No.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No.: 050251

Place: Kolkata
Date: 23 May 2016

Annexure – B to the Independent Auditors' Report of 31 March 2016 on the Standalone Financial Statements of Himadri Chemicals & Industries Limited

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Himadri Chemicals & Industries Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

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

Annexure – B to the Independent Auditors' Report of 31 March 2016 on the Standalone Financial Statements of Himadri Chemicals & Industries Limited *(continued)*

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No.: 055757

Place: Kolkata
Date: 23 May 2016

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration No.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No.: 050251

Place: Kolkata
Date: 23 May 2016

Balance Sheet as at 31 March 2016

Amount in ₹ Lakhs

		Note No.	31 March 2016	31 March 2015
I.	EQUITY AND LIABILITIES			
1)	Shareholders' funds			
	(a) Share capital	3	4,184.08	3,857.33
	(b) Reserves and surplus	4	84,733.79	78,856.92
			88,917.87	82,714.25
2)	Non-current liabilities			
	(a) Long-term borrowings	5	36,679.96	52,364.34
	(b) Deferred tax liabilities (net)	6	4,781.70	5,219.71
	(c) Other long-term liabilities	7	5,968.78	6,979.75
	(d) Long-term provisions	8	102.93	78.42
			47,533.37	64,642.22
3)	Current liabilities			
	(a) Short-term borrowings	9	39,206.04	50,762.93
	(b) Trade payables	10		
	- total outstanding dues of micro enterprises and small enterprises; and		313.07	99.02
	- total outstanding dues of creditors other than micro enterprises and small enterprises		8,541.25	9,058.44
	(c) Other current liabilities	11	15,751.64	13,837.38
	(d) Short-term provisions	8	318.06	77.92
			64,130.06	73,835.69
TOTAL			200,581.30	221,192.16
II.	ASSETS			
1)	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	12	110,084.27	114,762.12
	(ii) Capital work-in-progress	13	2,732.70	1,019.42
			112,816.97	115,781.54
	(b) Non-current investments	14	8,198.09	8,198.09
	(c) Long-term loans and advances	15	11,592.01	11,586.85
	(d) Other non-current assets	16	800.55	839.75
			133,407.62	136,406.23
2)	Current assets			
	(a) Current investments	17	2,100.00	2,100.00
	(b) Inventories	18	31,501.34	35,933.28
	(c) Trade receivables	19	19,987.32	31,565.94
	(d) Cash and cash equivalents	20	3,513.04	3,662.91
	(e) Short-term loans and advances	21	9,015.31	11,063.47
	(f) Other current assets	22	1,056.67	460.33
			67,173.68	84,785.93
TOTAL			200,581.30	221,192.16
Significant accounting policies		2		
Notes to financial statements		1 to 48		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration Number.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No. 050251

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

Place: Kolkata
Date: 23 May 2016

Statement of Profit and Loss for the year ended 31 March 2016

Amount in ₹ Lakhs

	Note No.	31 March 2016	31 March 2015
I. Revenue from Operations	23		
Sale of products (gross)		128,995.18	155,359.62
Less: Excise duty		13,894.24	17,777.72
Sale of products (net)		115,100.94	137,581.90
Other operating revenue		82.92	167.96
Total revenue from operations		115,183.86	137,749.86
II. Other Income	24	1,240.17	1,495.92
III. Total revenue (I + II)		116,424.03	139,245.78
IV. Expenses			
Cost of materials consumed	25	77,764.73	113,405.09
Changes in inventories of finished goods and work-in-progress	26	5,333.78	(6,249.07)
Employee benefits expense	27	2,967.17	2,937.41
Finance costs	28	10,221.83	10,150.66
Depreciation and amortisation expense	12	6,371.56	5,535.87
Foreign exchange fluctuation (net)		1,812.15	725.06
Other expenses	29	13,603.73	15,377.25
Total expenses		118,074.95	141,882.27
V. Profit / (Loss) before tax		(1,650.92)	(2,636.49)
VI. Tax expenses			
Current tax		-	-
Excess tax provision for earlier years written back		(5.31)	-
MAT credit (entitlement)/reversal		-	64.10
Net current tax		(5.31)	64.10
Deferred tax charge/(credit)		(438.01)	(1,260.52)
VII. Profit / (Loss) for the year		(1,207.60)	(1,440.07)
VIII. Earnings/(Loss) per equity share [nominal value of share ₹1 each (previous year ₹1 each)]	30		
Basic and Diluted		(0.31)	(0.37)
Significant accounting policies	2		
Notes to financial statements	1 to 48		
The notes referred to above form an integral part of the financial statements			

As per our report of even date attached

For **B S R & Co. LLP**
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Firm's Registration Number.: 101248W/W-100022

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Firm's Registration Number.: 309005E

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Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

Place: Kolkata
Date: 23 May 2016

Cash Flow Statement for the year ended 31 March 2016

Amount in ₹ Lakhs

	31 March 2016		31 March 2015	
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit / (loss) before tax		**(1,650.92)**		(2,636.49)
Adjustments for :				
Depreciation and amortisation expense	**6,371.56**		5,535.87	
Finance costs	**10,221.83**		10,150.66	
Interest income	**(415.19)**		(398.79)	
Dividend received	**(0.38)**		(0.43)	
Guarantee fee	**(66.46)**		(65.99)	
Profit on sale of mutual funds (current investments)	**(613.30)**		(883.69)	
Foreign exchange fluctuation (net)	**2,581.30**		1,266.45	
(Profit)/ Loss on sale of fixed assets	**(3.82)**		2.31	
		18,075.54		15,606.39
Operating cash flows before working capital changes		**16,424.62**		12,969.90
Adjustments for :				
(Increase)/ decrease in inventories	**4,431.94**		1,271.19	
(Increase)/ decrease in trade receivables	**11,578.62**		3,849.62	
(Increase)/ decrease in loans and advances	**1,412.82**		1,051.14	
(Increase)/ decrease in other assets	**(49.82)**		205.28	
Increase/ (decrease) in trade payables	**(303.14)**		754.92	
Increase/ (decrease) in other liabilities and provisions	**(5,533.01)**		858.00	
		11,537.41		7,990.15
Cash generated from operations		**27,962.03**		20,960.05
Direct tax (paid)/ refunded		**(42.19)**		249.34
Net cash provided by operating activities		**27,919.84**		21,209.39
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital work-in-progress and capital advances)	**(1,325.07)**		(2,424.65)	
Proceeds from sale of fixed assets	**19.08**		8.65	
Interest income received	**500.09**		275.08	
Dividend income received	**0.38**		0.43	
Guarantee fee received	**49.31**		-	
Loan to subsidiary	**(200.00)**		(250.00)	
Proceeds from sale of investments (mutual fund)	**2,100.00**		15,396.86	
Purchase of investments in mutual fund	**(2,100.00)**		-	
(Increase)/ decrease in fixed deposits with banks (having maturity of more than 3 months)	**725.04**		(70.09)	
Net cash provided/ (used) in investing activities		**(231.17)**		12,936.28

Cash Flow Statement for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016		31 March 2015	
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	42.16		83.11	
Repayment of long-term borrowings	(6,037.86)		(17,810.36)	
Increase/ (decrease) in working capital borrowings	(12,722.10)		(8,358.30)	
Interest paid	(8,437.82)		(8,096.67)	
Dividend paid	-		(385.73)	
Dividend tax paid	-		(65.56)	
Net cash provided by/ (used in) financing activities		(27,155.62)		(34,633.51)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		533.05		(487.84)
Cash and cash equivalents at the beginning of the year * (refer note 20 to the financial statements)		1,268.90		1,724.36
Effect of exchange gain on cash and cash equivalents held in foreign currency (EEFC accounts)		18.02		32.38
Cash and cash equivalents at the end of the year * (refer note 20 to the financial statements)		1,819.97		1,268.90

* Cash and cash equivalents includes bank deposits with original maturity of less than 3 months aggregating to **₹902.82 lakhs** (previous year ₹849.31 lakhs), pledged with the banks against various credit facilities availed by the Company.

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard- 3 on Cash Flow Statement.
2. Figures in brackets indicate cash outflows.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration Number.: 309005E

Sd/-
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For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited
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Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

Place: Kolkata
Date: 23 May 2016

Notes to financial statements for the year ended 31 March 2016

1. Company overview

Himadri Chemicals & Industries Limited ("the Company") is a public company domiciled and headquartered in India. It was incorporated on 28 July 1987 and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Company has operations in India and caters to both domestic and international markets. The Company also has a wholly-owned subsidiary in India in the name of Equal Commodeal Private Limited, a step down wholly-owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and another step down subsidiary with 94% shareholding in Shandong Dawn Himadri Chemical Industry Limited, incorporated in China.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1. Basis of preparation of financial statements

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP primarily comprises mandatory accounting standards as specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014, the provision of the Act, guidelines issued by the Securities and Exchange Board of India (SEBI) and other accounting pronouncements of the Institute of Chartered Accountants of India (ICAI), to the extent applicable.

2.2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.3. Current – Non-current classification

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act.

2.3.1. Assets

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

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

2.3.2. Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

Notes to financial statements for the year ended 31 March 2016 *(continued)*

d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.4. Fixed assets and depreciation

2.4.1. Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation/ amortisation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Foreign currency exchange differences are capitalised as per the policy stated in note 2.10 below.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

2.4.2. Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Statement of Profit and Loss.

Depreciation on fixed assets situated at Liluah Unit - I (Howrah), Vapi and Vizag are provided on written down value method and on fixed assets situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act.

The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Freehold land is not depreciated. Leasehold land (includes development cost) is amortised on a straight line basis over the period of respective lease, except land acquired on perpetual lease.

2.4.3. Impairment of Assets

Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets ("Cash Generating Unit" or "CGU") that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of the assets or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset or CGU.

Impairment losses are recognised in the Statement of Profit and Loss.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists or has decreased, the asset or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

2.5. Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

2.6. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of Schedule III to the Act.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.7. Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, First in First out (FIFO) method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty liability is included in the valuation of closing inventory of the finished goods.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

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. The comparison of cost and net realisable value is made on an item-by-item basis.

2.8. Employee benefits

2.8.1. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries, wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by the employees.

2.8.2. Post-employment benefits

2.8.2.1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified contributions towards (a) employee provident fund to Government administered provident fund scheme, and (b) superannuation scheme for eligible employees to Life

Insurance Corporation of India (LICI), which are defined contribution plans. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

2.8.2.2. Defined benefit plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method. The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss. All expenses related to defined benefit plan are recognised in Employee benefits expense in the Statement of Profit and Loss.

The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. Contributions are deposited with the Life Insurance Corporation of India based on information received by the Company. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

2.8.2.3. Compensated Absences

The employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a short-term employee benefit. The Company records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Company.

2.9. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of Sales tax and Value added tax (VAT) and is net of returns, trade discounts and quantity discounts. Excise duty relating to sales is reduced from gross sales for disclosing net revenue from operations.

Export incentives (duty drawback) are recognised on accrual basis against goods exported.

Revenue from job work charges (excluding service tax) is recognised on completion of job work in accordance with terms of the agreement.

Earning from sale of power is accounted for on tariff rates agreed with respective Electricity Board and are net of discounts for prompt payment of bills.

Dividend income is recognised when the right to receive payment is established.

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

2.10. Foreign exchange transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate on the date of transaction.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Exchange differences arising on the settlement or conversion of monetary assets and liabilities are recognised as income or as expense in the year in which they arise, except for:

a) Exchange differences relating to long term foreign currency monetary items accounted for in accordance with Para 46A of Accounting Standard 11 ''The Effects of changes in Foreign Exchange Rates". Such exchange differences arising on long term foreign currency monetary items (original maturity of one year or more) in so far as they relate to the acquisition of depreciable capital asset have been added or deducted from the cost of the asset and depreciated over the balance useful life of the asset and in other cases have been accumulated in a Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and amortised over the balance period of such long term monetary item.

b) Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of the net investment, at which time the accumulated amount is recognised as income or as expense.

c) The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset/liability is recognised over the period of the contract. The forward exchange contracts taken to hedge existing assets or liabilities are translated at the closing exchange rates and resultant exchange differences are recognised in the same manner as those on the underlying foreign currency asset or liability.

2.11. Derivative instruments and hedge accounting

The Company enters into derivative financial instruments with banks to hedge foreign currency risk of firm commitments and highly probable forecasted transactions and interest rate risks.

The method of recognising the resultant gain or loss depends on whether the derivative is designated as hedging instrument, and if so, the nature of the item being hedged. To designate a derivative contract as an effective hedge, management objectively evaluates and evidence with appropriate underlying documents of each contract whether the contract is effective in offsetting cash flow attributable to the hedged risk.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the AS 30 "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. The use of hedge instruments is governed by the Company's policies approved by the Board of Directors. The Company does not use these contracts for trading or speculative purposes.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting date at fair value. Changes in the fair value of these derivative contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and Surplus and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the period during which the forecasted underlying transaction occurs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

2.12. Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

2.13. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.14. Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case maybe) to be realised.

2.15. Borrowing costs

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred and include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Discount on issue of Deep Discount Debentures is amortised during the tenure of the debentures which is 20 years from the date of allotment.

2.16. Research and development expenses

Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

2.17. Earnings per Share

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

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

Notes to financial statements for the year ended 31 March 2016 *(continued)*

2.18. Government Grants

Grants from the government are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant relates to a depreciable asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset. Grants related to non-depreciable assets are credited to Capital Reserve.

2.19. Cash and cash equivalents

Cash and cash equivalents include cash and cash-on-deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.20. Cash flow statement

Cash flows are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 3 - Share capital		
Authorised		
700,000,000 (previous year 700,000,000) equity shares of ₹1 each	**7,000.00**	7,000.00
Issued, subscribed and fully paid up		
418,407,867 (previous year 385,732,570) equity shares of ₹1 each	**4,184.08**	3,857.33

a. **Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	31 March 2016		31 March 2015	
	Number	Amount	Number	Amount
Equity Shares				
At the commencement of the year	**385,732,570**	**3,857.33**	385,732,570	3,857.33
Add: Issued during the year [refer note 5 (A) (i) (a)]	**32,675,297**	**326.75**	-	-
At the end of the year	**418,407,867**	**4,184.08**	385,732,570	3,857.33

b. **Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares with par value of ₹1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. **Particulars of shareholders holding more than 5% shares of fully paid up equity shares**

	31 March 2016		31 March 2015	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹1 each fully paid up held by:				
BC India Investments	**103,178,860**	**24.66%**	103,178,860	26.75%
VCIGPM Limited (formerly CITI Group Venture Capital International)	-	-	47,053,425	12.20%
Himadri Dyes & Intermediates Limited	**98,284,310**	**23.49%**	98,284,310	25.48%
Himadri Industries Limited	**46,140,000**	**11.03%**	46,140,000	11.96%
Himadri Coke & Petro Limited	**38,175,297**	**9.12%**	5,500,000	1.43%

d. **Details of shares issued/ allotted for consideration other than cash during the period of five years immediately preceding the reporting date:**

Pursuant to a Special Resolution passed by the shareholders at the Extra Ordinary General Meeting held on 22 March 2016, 32,675,297 equity shares of ₹1/- each have been issued/ allotted at a price of ₹19/- per equity share (including a premium of ₹18/- per equity share) on 25 March 2016 to Himadri Coke & Petro Limited, a related party, on preferential basis for consideration other than cash and in lieu of Deep Discount Debentures held by them.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 4 - Reserves and surplus		
Capital reserve		
At the commencement and at the end of the year	1,280.50	1,280.50
Securities premium account		
At the commencement of the year	39,469.84	39,469.84
Securities premium on equity shares issued during the year [refer note 5 (A) (i) (a)]	5,881.55	-
At the end of the year	45,351.39	39,469.84
Debenture redemption reserve		
At the commencement of the year	5,009.64	4,177.32
Amount transferred to general reserve [refer note 5 (A) (i) (a)]	(2,152.50)	-
Amount transferred from surplus	678.57	832.32
At the end of the year	3,535.71	5,009.64
General reserve		
At the commencement of the year	11,517.44	11,517.44
Amount transferred from debenture redemption reserve [refer note 5 (A) (i) (a)]	2,152.50	-
At the end of the year	13,669.94	11,517.44
Hedging reserve [refer note 35(c)]		
At the commencement of the year	(3,925.75)	(4,889.44)
Movement during the year	1,414.47	963.69
At the end of the year	(2,511.28)	(3,925.75)
Foreign currency monetary item translation difference account (FCMITDA)		
At the commencement of the year	(40.24)	(46.12)
Exchange gain/ (loss) during the year on foreign currency convertible bond (FCCB) / foreign currency term loan	(72.52)	(40.50)
Amortisation of foreign exchange fluctuation for the year	112.76	46.38
At the end of the year	-	(40.24)
Surplus (Profit and loss balance)		
At the commencement of the year	25,545.49	28,055.02
Depreciation charge [Net of deferred tax **Nil** (previous year ₹125.51 lakhs)] (refer note 12)	-	(237.14)
Loss for the year	(1,207.60)	(1,440.07)
Appropriations		
Proposed equity dividend [Amount per share **₹0.05** (previous year Nil)]	(209.20)	-
Tax on proposed equity dividend	(42.59)	-
Transfer to Debenture redemption reserve	(678.57)	(832.32)
At the end of the year	23,407.53	25,545.49
Total Reserves and surplus	84,733.79	78,856.92

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	Non-current portion		Current maturities	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Note 5 - Long-term borrowings				
Bonds / debentures				
Nil (previous year 12,300) Deep Discount Debentures of ₹100,000 each (unsecured)	-	12,300.00	-	-
Less: Discount on issue of Deep Discount Debentures to the extent not written off or adjusted	-	6,471.69	-	-
	-	5,828.31	-	-
500 (previous year 500) 12.50% Redeemable Non-Convertible Debentures of ₹1,000,000 each (secured)	**5,000.00**	5,000.00	-	-
2,500,000 (previous year 2,500,000) 10% Redeemable Non-Convertible Debentures of ₹400 each (secured)	**10,000.00**	10,000.00	-	-
1,000 (previous year 1,000) 9.60% Redeemable Non-Convertible Debentures of ₹1,000,000 each (secured)	**10,000.00**	10,000.00	-	-
70 (previous year 70) Foreign Currency Convertible Bonds of USD 100,000 each (unsecured)	-	4,381.36	**4,643.30**	-
	25,000.00	35,209.67	**4,643.30**	-
Term loans				
Rupee loans (secured)				
From banks	**7,050.00**	7,625.00	**575.00**	500.00
Foreign currency loans (secured)				
From banks	**1,780.00**	5,618.23	**4,322.71**	4,047.69
From others	**2,736.23**	3,677.21	**1,160.83**	1,095.34
	11,566.23	16,920.44	**6,058.54**	5,643.03
Loan against vehicles and equipments (secured)	**52.31**	70.36	**54.96**	51.78
Deferred payment liabilities				
Sales tax deferment (unsecured)	**61.42**	163.87	**102.45**	41.10
	36,679.96	52,364.34	**10,859.25**	5,735.91
The above amount includes:				
Secured borrowings	**36,618.54**	41,990.80	**6,113.50**	5,694.81
Unsecured borrowings	**61.42**	10,373.54	**4,745.75**	41.10
Amount disclosed under the head - "Other current liabilities" (refer note 11)	-	-	**(10,859.25)**	(5,735.91)
	36,679.96	52,364.34	-	-

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 5 - Long-term borrowings *(contd.)*

(A) Terms of repayment/ conversion/ redemption

(i) Bonds / debentures

a) The Company, on 24 September 2001, had issued 12,300 Deep Discount Debentures ("DDD") of face value of ₹100,000 each to Himadri Coke & Petro Limited, aggregating to ₹12,300 lakhs at a discount of 90% on face value and were redeemable at par at the end of 20 years from the date of allotment. The DDD carried an implicit rate of interest of approximately 12.18% compounded annually. During the current year, the terms of the existing DDD were amended to provide, inter alia, terms of conversion of the DDD into the equity shares of the Company. Accordingly, by way of approval of the shareholders by a special resolution, passed at the Extra Ordinary General meeting held on 22 March 2016, the above DDD were converted into 32,675,297 equity shares of ₹1 each at a price of ₹19/- per equity share (including a premium of ₹18/- per equity share) aggregating to ₹6,208.30 lakhs as per the valuation report of an independent qualified valuer. The above equity shares were allotted on 25 March 2016. On above conversion, ₹2,152.50 lakhs was transferred from Debenture Redemption Reserve to General Reserve. The Company has complied with requisite provisions of the Companies Act, 2013 and SEBI, as applicable.

b) The Company on 29 October 2013 had issued 12.50% Redeemable Non-convertible Debentures of face value of ₹1,000,000 each aggregating ₹5,000 lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

c) The Company on 24 August 2010 had issued 10% Redeemable Non-convertible Debentures of face value of ₹400 each aggregating ₹10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

d) The Company on 28 June 2010 had issued 9.60% Redeemable Non-convertible Debentures of face value of ₹1,000,000 each aggregating ₹10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to ICICI Bank Limited. These debentures can be redeemed at par on or after 7 years from the date of allotment, at the option of the either party.

e) The Company on 13 April 2009 had issued 70 Foreign Currency Convertible Bonds (FCCB) of face value of USD 100,000 each aggregating USD 70 lakhs to International Finance Corporation (IFC). As per the terms of the issue, the bond holder has an option of converting these bonds into equity shares within a period of 7 years from the date of issue at an initial conversion price of ₹13.50 per equity share of face value of ₹1 each at the foreign exchange rate prevailing on the date of conversion request. In case the conversion option is not exercised, the outstanding FCCB would be redeemed at par together with interest accrued at the rate of 6 months LIBOR + spread of 3.35% per annum accrued on a compounded 6 monthly basis. Till 31 March 2016, the Company made provision of **₹1,467.30** lakhs (previous year ₹1,169.27 lakhs) as interest on outstanding FCCB. The FCCB Holder - IFC has intimated to the Company before 31 March 2016, not to exercise its option of conversion but to redeem the said FCCB on the due date. These FCCB were redeemed on 4 April 2016.

(ii) Term loans

a) Name of the lendor	Loan Outstanding as at 31 March 2016 (₹ in lakhs)	Period of maturity with respect to Balance Sheet date	Number of installments outstanding as at 31 March 2016	Installment Amount (₹ in lakhs)
Rupee loans (secured)				
Axis Bank Limited	₹7,625.00	7 years 3 months	29	Repayable at quarterly rest: 1 of ₹125.00 each 8 of ₹150.00 each 4 of ₹250.00 each 8 of ₹300.00 each 8 of ₹362.50 each
	(₹8,125.00)	(8 years 3 months)	(33)	

As on 31 March 2016 interest rate on rupee term loan is **10.50 %** per annum (previous year 11.15% per annum).

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 5 - Long-term borrowings *(contd.)*

(ii) Term loans *(contd.)*

a) Name of the lendor	Loan Outstanding as at 31 March 2016 (₹ in lakhs)	Period of maturity with respect to Balance Sheet date	Number of installments outstanding as at 31 March 2016	Installment Amount (₹ in lakhs)
Foreign currency borrowings				
ICICI Bank Limited (ECB)	**₹2,288.57 JPY 3,875.00**	**4 years 5 months**	**9**	**JPY 430.56 - repayable at half yearly rest**
	(₹2,467.99) (JPY 4,736.11)	(5 years 5 months)	(11)	
The Hongkong and Shanghai Banking Corporation Limited (ECB)	**₹2,487.48 USD 37.50**	**0 year 11 months**	**4**	**USD 9.38 - repayable at quarterly rest**
	(₹4,694.31) (USD 75.00)	(1 year 11 months)	(8)	
DBS Bank Limited (ECB)	**₹1,326.66 USD 20.00**	**0 year 9 months**	**2**	**USD 10.00 - repayable at half yearly rest**
	(₹2,503.63) (USD 40.00)	(1 year 9 months)	(4)	
International Finance Corporation (ECB)	**₹1,658.32 USD 25.00**	**2 years 6 months**	**5**	**USD 5.00 - repayable at half yearly rest**
	(₹2,190.68) (USD 35.00)	(3 years 6 months)	(7)	
DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH (ECB)	**₹2,238.74 USD 33.75**	**4 years 6 months**	**18**	**USD 1.88 - repayable at quarterly rest**
	(₹2,581.86) (USD 41.25)	(5 years 6 months)	(22)	

An average interest rate on foreign currency loans is **LIBOR + 2.83%** per annum (previous year - LIBOR + 2.81% per annum).

b) The Company had been granted sales tax deferment by the Government of Andhra Pradesh under the "Target 2000 - New Industrial Policy". The same is repayable from the end of the 14th year without payment of interest during the period from August 2014 to October 2017. During the current year, the Company has made repayment of **₹41.10 lakhs** (previous year ₹65.03 lakhs).

c) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

(B) Details of security

i) 12.50% Redeemable Non-convertible Debentures and 10% Redeemable Non-convertible Debentures issued to Life Insurance Corporation of India and 9.60% Redeemable Non-convertible Debentures issued to ICICI Bank Limited, aggregating to ₹25,000 lakhs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist – Mahsana (Gujarat), First Pari Passu charge on immovable properties (Leasehold Land) situated at Mahistikry and hypothecation of all movable fixed assets (including plant and machinery) of the Company in favour of Axis Trustee Services Limited, being the trustee of the Debenture Holders.

ii) Rupee term loan from Axis Bank Limited, Foreign currency borrowings from International Finance Corporation (IFC), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and DBS Bank Limited (DBS) are secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable fixed assets (including plant and machinery) on pari passu basis with other lenders.

iii) Foreign currency borrowings from DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH and ICICI Bank Limited are secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable fixed assets (including plant and machinery) situated at Mahistikry on pari passu basis with other lenders.

iv) Loans against vehicles and equipment are secured by way of hypothecation of the underlying asset financed.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 6 - Deferred tax liabilities (net)		
Deferred tax liabilities		
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts	18,736.41	17,727.13
Deferred tax assets		
Unabsorbed depreciation	11,490.31	9,224.66
Mark to market on derivative contracts	1,746.49	2,612.18
Other disallowances under Income-tax Act, 1961	717.91	670.58
	13,954.71	12,507.42
Deferred tax liabilities (net)	4,781.70	5,219.71

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 7 - Other long-term liabilities		
Derivative contracts payable	5,943.01	5,764.15
Interest accrued but not due on borrowings	-	1,169.27
Trade payables	-	20.56
Other payables	25.77	25.77
	5,968.78	6,979.75

Amount in ₹ Lakhs

	Long-term		Short-term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Note 8 - Provisions				
Provision for employee benefits:				
Gratuity (refer note 38)	24.51	-	50.92	56.91
Compensated absences	-	-	15.35	21.01
Other provisions:				
Proposed equity dividend	-	-	209.20	-
Tax on proposed equity dividend	-	-	42.59	-
Provision for contingencies (refer note 40)	78.42	78.42	-	-
	102.93	78.42	318.06	77.92

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 9 - Short-term borrowings		
Working capital loans		
From banks (secured)		
Rupee loans	**21,398.35**	23,357.81
Foreign currency loans	**15,554.56**	24,405.23
	36,952.91	47,763.04
From banks (unsecured)		
Rupee loans	**1,302.05**	2,999.89
	1,302.05	2,999.89
From others (unsecured)		
Rupee loans	**951.08**	-
	951.08	-
	39,206.04	50,762.93

Details of security

Working capital loans from banks aggregating to ₹**36,952.91 lakhs** (previous year ₹47,763.04 lakhs) are secured by hypothecation of currents assets of the Company both present and future on pari passu basis. Further, working capital loan from bank aggregating to ₹**1,651.64 lakhs** (previous year Nil) is also secured by subservient charge on plant and machinery of the Company. These loans include ₹**2,072.44 lakhs** (previous year ₹4,431.12 lakhs), being personally guaranteed by the promoter directors of the Company.

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 10 - Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 36)	**313.07**	99.02
Total outstanding dues of creditors other than micro enterprises and small enterprises	**8,541.25**	9,058.44
	8,854.32	9,157.46

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 11 - Other current liabilities		
Current maturities of long-term debt (refer note 5)	**10,859.25**	5,735.91
Interest accrued but not due on borrowings	**2,060.13**	582.97
Unclaimed dividend *	**33.22**	47.35
Capital creditors	**82.60**	126.07
Derivative contracts payable	**258.54**	4,672.71
Statutory dues	**1,916.58**	2,540.87
Advances received from customers	**480.62**	82.84
Other payables#	**60.70**	48.66
	15,751.64	13,837.38

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2016.

Includes amount due towards Employee benefits expense and Security deposits.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 12 - Tangible assets

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Total
Gross Block								
Balance as at 31 March 2014	3,591.39	304.35	6,961.64	127,098.69	727.49	831.63	1,488.25	141,003.44
Additions during the year	9.55	-	254.90	5,941.22	5.18	71.99	41.31	6,324.15
Disposals/Discard	-	-	-	-	-	(51.89)	-	(51.89)
Other adjustments :								
- Exchange differences	-	-	-	399.79	-	-	-	399.79
Balance as at 31 March 2015	**3,600.94**	**304.35**	**7,216.54**	**133,439.70**	**732.67**	**851.73**	**1,529.56**	**147,675.49**
Additions during the year	-	-	10.60	358.59	3.49	46.87	26.44	**445.99**
Disposals/Discard	-	-	-	(8.14)	-	(65.17)	-	**(73.31)**
Other adjustments :								
- Exchange differences	-	-	-	1,262.98	-	-	-	**1,262.98**
Balance as at 31 March 2016	**3,600.94**	**304.35**	**7,227.14**	**135,053.13**	**736.16**	**833.43**	**1,556.00**	**149,311.15**
Depreciation								
Balance as at 31 March 2014	-	-	1,385.17	24,091.75	234.98	454.85	889.03	27,055.78
Depreciation for the year	-	-	228.40	5,023.17	103.05	96.19	447.71	5,898.52
Accumulated depreciation on disposals/discard	-	-	-	-	-	(40.93)	-	(40.93)
Balance as at 31 March 2015	**-**	**-**	**1,613.57**	**29,114.92**	**338.03**	**510.11**	**1,336.74**	**32,913.37**
Depreciation for the year	-	-	228.82	5,889.18	77.03	86.57	89.96	**6,371.56**
Accumulated depreciation on disposals/discard	-	-	-	(0.21)	-	(57.84)	-	**(58.05)**
Balance as at 31 March 2016	**-**	**-**	**1,842.39**	**35,003.89**	**415.06**	**538.84**	**1,426.70**	**39,226.88**
Net Block								
As at 31 March 2015	3,600.94	304.35	5,602.97	104,324.78	394.64	341.62	192.82	114,762.12
As at 31 March 2016	**3,600.94**	**304.35**	**5,384.75**	**100,049.24**	**321.10**	**294.59**	**129.30**	**110,084.27**

Note : During the previous year, the Company in compliance with Schedule II to the Companies Act, 2013 ('the Act'), had reassessed the estimated useful lives of the fixed assets and made necessary changes with effect from 1 April 2014. As a consequence of this change, depreciation charge for the previous year was lower by ₹1,428.88 lakhs. Further, based on transitional provision provided in note 7 (b) of Schedule II to the Act, depreciation amount of ₹237.14 lakhs (net of deferred tax ₹125.51 lakhs) had been adjusted against retained earnings in the previous year.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 13 - Capital work-in-progress		
At the beginning of the year	1,019.42	5,592.85
Incurred during the year	2,107.59	1,441.68
Capitalised during the year	(394.31)	(6,015.11)
At the end of the year	2,732.70	1,019.42

Capital work-in-progress includes:

Expenditure incurred during construction period on substantial expansion / new industrial units of the Company, given below:

	31 March 2016	31 March 2015
Opening Balance	109.10	503.25
Incurred during the year		
Employee benefits expense	16.51	2.39
Power and fuel	-	7.45
Rates and taxes	0.26	2.69
Repairs and maintenance	3.55	-
Insurance	0.06	-
Finance cost		
Interest expense	-	0.53
Other borrowing costs	0.02	0.06
Rent	3.87	0.73
Miscellaneous expenses *	65.47	10.73
	89.74	24.58
Less:		
Capitalised during the year	-	418.73
	-	418.73
Closing balance	198.84	109.10

* Includes consultancy charges, inspection charges, testing charges, etc.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	Number of units as at 31 March 2016	Number of units as at 31 March 2015	31 March 2016	31 March 2015
Note 14 - Non-current investments				
(Valued at cost)				
Trade investments - unquoted:				
Investment in Equity Instruments				
Equal Commodeal Private Limited, a wholly owned subsidiary (face value - ₹10 each, fully paid up)	**10,000**	10,000	**1.00**	1.00
			1.00	1.00
Investment in Debentures or Bonds				
1.50% Optionally Convertible Debentures in Equal Commodeal Private Limited, a wholly owned subsidiary (face value - ₹1,000,000 each, fully paid up)	**800**	800	**8,000.00**	8,000.00
			8,000.00	8,000.00
Other non-current investments:				
Quoted investments				
Investment in Equity Instruments (fully paid up)				
ACC Limited (face value - ₹10 each)	**1,275**	1,275	**1.95**	1.95
Himadri Credit & Finance Limited (face value - ₹10 each)	**334,900**	334,900	**33.49**	33.49
New Delhi Television Limited (face value - ₹4 each)	**1,400**	1,400	**0.98**	0.98
Transchem Limited (face value - ₹10 each)	**8,000**	8,000	**2.40**	2.40
			38.82	38.82
Unquoted investments				
Investment in Equity Instruments (fully paid up)				
Himadri Dyes & Intermediates Limited (face value - ₹10 each)	**720,000**	720,000	**72.00**	72.00
Himadri e-Carbon Limited (face value - ₹10 each)	**17,000**	17,000	**1.70**	1.70
Himadri Industries Limited (face value - ₹10 each)	**493,300**	493,300	**84.50**	84.50
			158.20	158.20
Investment in Government securities (unquoted)				
Kisan Vikas Patra (Deposited with sales tax authorities)			**0.07**	0.07
			0.07	0.07
			8,198.09	8,198.09

The aggregate book value of unquoted non-current investments and book value and market value of quoted non-current investments are as follows:

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Aggregate book value of unquoted non-current investments	**8,159.27**	8,159.27
Quoted non-current investments		
Aggregate book value	**38.82**	38.82
Aggregate market value	**53.98**	56.76
[includes **₹33.49 lakhs** (previous year ₹33.49 lakhs) where cost has been considered as market value in absence of availability of market quote]		

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 15 - Long-term loans and advances		
(Unsecured, considered good)		
To parties other than related parties		
Capital advances	**424.02**	1,301.70
Security and other deposits	**4,772.83**	4,284.15
Deposit against demand in dispute	**305.47**	158.81
MAT credit entitlement#	**5,208.57**	5,208.57
Advance income tax [net of provision for income tax ₹**4,725.98 lakhs** (previous year ₹4,731.29 lakhs)]	**409.72**	362.22
To related party - wholly owned subsidiary		
Loan given to Equal Commodeal Private Limited *	**471.40**	271.40
	11,592.01	11,586.85

The Company has carried forward MAT credit entitlment, having regard to the trend of profitability and furture projections. Management is of the opinion that the Company will pay normal tax during the period for which the MAT credit can be carried forward for setoff against the normal tax liability.

* Given for business purposes.

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 16 - Other non-current assets		
(Unsecured, considered good)		
Trade receivables [refer note 19 and 37 (a)]	**798.10**	798.10
Bank deposits due to mature after 12 months of the reporting date (refer note 20)	**1.80**	40.03
Interest accrued on fixed deposits	**0.65**	1.62
	800.55	839.75

Amount in ₹ Lakhs

	Number of units as at 31 March 2016	Number of units as at 31 March 2015	31 March 2016	31 March 2015
Note 17 - Current Investments				
Investments in Mutual funds (valued at the lower of cost and fair value)				
Mutual funds - quoted				
UTI Banking & PSU Debt Fund - Direct Plan - Growth	**17,273,999**	-	**2,100.00**	-
UTI Short term Income Fund - Institutional option - Growth Plan	-	14,935,564	-	2,100.00
			2,100.00	**2,100.00**
Quoted current investments				
Aggregate book value			**2,100.00**	2,100.00
Aggregate market value			**2,100.00**	2,512.71

Investments amounting to ₹**2,100.00 lakhs** (previous year ₹2,100.00 lakhs) are pledged with banks against various credit facilities availed by the Company.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 18 - Inventories		
(Valued at the lower of cost and net realisable value)		
Raw materials [including goods-in-transit ₹**79.80 lakhs** (previous year ₹2,357.34 lakhs)]	**7,042.72**	6,186.31
Work-in-progress	**8,726.72**	8,980.44
Finished goods	**13,805.83**	18,885.89
Packing materials	**142.36**	155.43
Stores and spares [including goods-in-transit ₹**21.75 lakhs** (previous year Nil)]	**1,783.71**	1,725.21
	31,501.34	35,933.28

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 19 - Trade receivables		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, Considered good	**1,101.71**	1,446.49
Less: Non current portion disclosed under 'Other non-current assets' (refer note 16)	**798.10**	798.10
	303.61	648.39
Considered doubtful	**417.01**	545.81
Less: Provision for doubtful debts	**417.01**	545.81
	-	-
Other receivables		
Unsecured, Considered good	**19,683.71**	30,917.55
	19,987.32	31,565.94

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 20 - Cash and cash equivalents		
Cash and cash equivalents		
Cash on hand	**27.14**	31.90
Balances with banks		
On current accounts	**442.53**	387.68
On EEFC accounts	**447.48**	0.01
On deposit accounts (with original maturity of 3 months or less)	**902.82**	849.31
	1,819.97	1,268.90
Other bank balances		
Bank deposits due to mature within 12 months of the reporting date	**1,659.58**	2,346.39
Fixed deposits held as margin money	**0.27**	0.27
Unpaid dividend accounts	**33.22**	47.35
	1,693.07	2,394.01
	3,513.04	3,662.91

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 20 - Cash and cash equivalents *(continued)*		
Details of balance with banks on deposit accounts ^		
Deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	**902.82**	849.31
Deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	**1,659.58**	2,346.39
Deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 16)	**1.80**	40.03
	2,564.20	3,235.73

^ Bank deposits aggregating ₹**2,564.20 lakhs** (previous year ₹3,235.73 lakhs) have been pledged with the banks against various credit facilities availed by the Company.

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 21 - Short-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
To parties other than related parties		
Advances for supplies [refer note 37 (b)]	**6,183.25**	7,216.52
Advance to employees	**55.38**	63.61
Other advances #	**191.61**	389.90
Balance with excise authorities	**1,233.29**	2,689.76
Sales tax deposit and VAT receivable	**429.94**	446.45
Income tax refundable	**3.08**	3.08
Security and other deposits	**73.97**	61.47
	8,170.52	10,870.79
Advances for supplies (considered doubtful)	**46.76**	46.76
Less: Provision for doubtful advances	**46.76**	46.76
	-	-
To related party		
Advance for supplies:		
AAT Global Limited	**844.79**	192.68
	844.79	192.68
	9,015.31	11,063.47

Includes prepaid expenses and advance for expenses

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 22 - Other current assets		
(Unsecured, considered good)		
To parties other than related parties		
Interest accrued on fixed deposits	69.72	102.75
Export incentive receivable	50.56	28.70
Insurance claim receivable	162.66	99.82
Receivable against redemption of mutual funds	613.30	-
Other receivables	4.01	38.89
To related parties		
Interest receivable from subsidiary - Equal Commodeal Private Limited	73.28	124.18
Guarantee fee receivable from subsidiary - AAT Global Limited	83.14	65.99
	1,056.67	460.33

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 23 - Revenue from operations		
Sale of products		
Carbon materials and chemicals	127,223.32	154,786.57
Power	1,771.86	573.05
Sale of products (gross)	128,995.18	155,359.62
Less: Excise duty	13,894.24	17,777.72
Sale of products (net)	115,100.94	137,581.90
Other operating revenue		
Job work charges	22.59	139.26
Export incentives	60.33	28.70
	82.92	167.96
	115,183.86	137,749.86

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 24 - Other income		
Interest on fixed deposits with banks	256.15	227.16
Interest on loan to a subsidiary company	154.50	137.98
Interest on others	4.54	33.65
Dividend income		
- Long-term investments	0.38	0.43
Profit on sale of investments		
- Current investments: mutual funds	613.30	883.69
Insurance and other claims	71.42	43.72
Guarantee fee	66.46	65.99
Miscellaneous income	73.42	103.30
	1,240.17	1,495.92

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Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 25 - Cost of materials consumed		
Inventory of raw materials at the beginning of the year	6,186.31	13,907.17
Purchases	78,621.14	105,684.23
	84,807.45	119,591.40
Less: Inventory of raw materials at the end of the year	7,042.72	6,186.31
	77,764.73	113,405.09
Details of raw materials consumed		
Coal tar / Coal tar based chemicals, Pitch	74,446.42	106,770.72
Other chemicals	3,318.31	6,634.37
	77,764.73	113,405.09

Break-up into imported and indigenous

	31 March 2016		31 March 2015	
	% of total consumption	Amount	% of total consumption	Amount
Imported	42.76%	33,253.74	54.04%	61,285.16
Indigenous	57.24%	44,510.99	45.96%	52,119.93
	100.00%	77,764.73	100.00%	113,405.09

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 26 - Changes in inventories of finished goods and work-in-progress		
Opening stock		
Finished goods	18,885.89	6,488.36
Work-in-progress	8,980.44	15,128.90
	27,866.33	21,617.26
Closing stock		
Finished goods	13,805.83	18,885.89
Work-in-progress	8,726.72	8,980.44
	22,532.55	27,866.33
	5,333.78	(6,249.07)

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 27 - Employee benefits expense		
Salaries, wages and bonus @	2,546.28	2,494.73
Contribution to provident and other funds	121.30	129.79
Gratuity (refer note 38)	40.44	41.75
Staff welfare expenses	259.15	271.14
	2,967.17	2,937.41

@ includes ₹**239.74 lakhs** (previous year ₹224.43 lakhs) relating to outsource manpower cost

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 28 - Finance costs		
Interest expense	8,197.34	7,636.96
Amortisation of discount on Deep Discount Debentures	379.99	632.97
Other borrowing costs	475.85	592.81
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	1,168.65	1,287.92
	10,221.83	10,150.66

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 29 - Other expenses		
Consumption of stores and spare parts [refer note (a) below]	410.88	400.57
Power and fuel * [refer note (b) below]	766.71	920.94
Excise duty related to increase/ (decrease) in inventory of finished goods	(761.66)	1,953.32
Rent	233.22	177.30
Rates and taxes	378.77	535.27
Repairs to:		
Building *	62.40	101.25
Plant and machinery *	1,128.47	1,409.25
Others *	326.15	339.89
Payment to joint auditors' [refer note (c) below]	55.98	58.27
Rebates and discounts	134.70	58.84
Insurance	223.95	226.18
Packing expenses	1,289.66	1,218.54
Freight and forwarding expenses	5,789.81	4,386.62
Commission on sales	920.75	828.53
Miscellaneous expenses	2,643.94	2,762.48
	13,603.73	15,377.25
* includes stores and spares consumed.	1,042.90	1,227.75

a. Imported and indigenous consumable stores and spares:

	31 March 2016		31 March 2015	
	% of total consumption	Amount	% of total consumption	Amount
Imported	16.03%	233.09	4.60%	74.87
Indigenous	83.97%	1,220.69	95.40%	1,553.45
	100.00%	1,453.78	100.00%	1,628.32

b. Power and fuel includes expenses incurred on operation of the power plant:

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Consumption of stores and spare parts	70.94	100.49
Repairs and maintainence	69.68	75.19
Other operational expenses	69.27	114.48
	209.89	290.16

Notes to financial statements for the year ended 31 March 2016 *(continued)*

c. Payment to auditors':

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
As auditors':		
Statutory audit	**31.00**	31.00
Tax audit	**2.00**	2.00
Limited review of quarterly results	**9.00**	9.00
In other capacity:		
Company law matters	**-**	0.25
Other services	**10.79**	13.48
Reimbursement of expenses	**3.19**	2.54
	55.98	58.27

Amount in ₹ Lakhs

		31 March 2016	31 March 2015
Note 30 - Earnings/(Loss) per share (EPS)			
(Loss) attributable to Equity Shareholders (₹ in lakhs) (used as numerator for calculating Basic EPS)	(a)	**(1,207.60)**	(1,440.07)
Add: Interest on FCCB (net of tax)	(b)	**-**	126.33
(Loss) adjusted for the effects of dilutive potential equity shares for calculation of diluted EPS (₹ in lakhs)	(c) = (a) + (b)	**(1,207.60)**	(1,313.74)
Weighted average number of equity shares (used as denominator for calculating Basic EPS)	(d)	**386,359,220**	385,732,570
Add: Effect of potential equity shares to be issued under FCCB	(e)	**-**	14,564,101
Weighted average number of equity shares (used as denominator for calculating Diluted EPS)	(f) = (d) + (e)	**386,359,220**	400,296,671
Basic EPS of ₹1 each	(g) = (a) / (d)	**(0.31)**	(0.37)
Diluted EPS of ₹1 each *	(h) = (c) / (f)	**(0.31)**	(0.37)

* For the purpose of computation of dilutive EPS for the previous year ended 31 March 2015, potential equity shares that could arise on conversion of FCCB were not resulting in dilution of EPS. Hence, they had been considered as anti-dilutive. These FCCB have not been considered in the current year, for the purpose of calculation of EPS, since the FCCB holder had intimated the Company not to exercise its option to convert but to redeem the same on the due date [refer note 5 (A) (i) (e)].

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 31 - Contingent liabilities and commitments *(to the extent not provided for)*		
a) **Contingent Liabilities:**		
(i) Standby letter of credit issued on behalf of the Company to secure financial assistance for its subsidiary	**3,352.02**	3,805.52
(ii) Sales tax matters in dispute/ under appeal	**3,480.60**	3,319.73
(iii) Excise/ Service Tax matters in dispute/under appeal	**1,409.53**	535.29
(iv) Customs matters in dispute/ under appeal	**28.83**	28.83
(v) Entry Tax in dispute/ under appeal - West Bengal (refer note c below)	**2,814.09**	2,244.53
(vi) Entry Tax in dispute/ under appeal - Chhattisgarh	**353.25**	343.05
(vii) Income Tax in dispute/ under appeal	**633.81**	59.54

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
b) Commitments:		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	291.19	1,332.82
ii) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG)	0.47	1,333.65

c) The Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challanged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the management, there is a strong merit of the case; hence the Company has not made provision for entry tax liability in the books for the current year and during the earlier years.

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 32 - CIF value of imports		
Raw materials	31,138.91	50,951.17
Stores and spares	241.98	111.27
Packing materials	27.02	23.77
Capital goods	69.50	105.13
	31,477.41	51,191.34

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 33 - Expenditure in foreign currency		
Travelling expenses	104.45	159.52
Professional and consultancy expenses	188.51	286.13
Commission on sales	137.11	69.33
Interest cost	731.56	1,225.12
Others	46.87	68.97

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 34 - Earnings in foreign currency		
F.O.B. value of exports	11,814.50	10,971.05
Guarantee Fee	66.46	65.99

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 35 - Amounts receivable / payable in foreign currency

(a) The Company enters into various forms of derivative instruments such as foreign exchange forward contracts, options, cross currency swaps and interest rate swaps to hedge its exposure to movements in foreign exchange and interest rates.

(b) The Company does not enter into any derivative instruments for trading or speculation purpose. Forward contracts / hedging instruments outstanding as at balance sheet date:

Nature and number of Contract	Currency Pair	Position	Amount (Foreign currency in lakhs) 31 March 2016	31 March 2015
Forward contracts [**3**, (previous year 5)]	USD/INR	Buy	**62.44**	300.00
Cross currency swaps [**4**, (previous year 8)]	USD/INR	Sell	**213.54**	434.50
Cross currency swaps [**1**, (previous year 1)]	USD/JPY	Sell	**3,875.00**	4,736.11
Interest rate swaps [**3**, (previous year 3)]	USD/INR	Notional Principal	**246.12**	246.12
Interest rate swaps [**4**, (previous year 4)]	USD-Floating to Fixed	Notional Principal	**116.25**	191.25
Interest rate swaps [**1**, (previous year 1)]	JPY/INR	Notional Principal	**4,733.69**	4,733.69

(c) All derivative contracts outstanding as at the year end are marked to market. The Company has applied the hedge accounting principles as set out in the Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement as issued by The Institute of Chartered Accountants of India.

Accordingly, net exchange fluctuation loss aggregating to **₹2,511.28 lakhs** (previous year ₹3,925.75 lakhs), being the effective portion of the contracts designated as effective hedge for future cash flows has been recognised in the Hedging Reserve to be ultimately recognised in the Statement of Profit and Loss, depending on the exchange rate fluctuation until the underlying forecasted transactions occurs or the contract gets settled .

Gain/(loss) on contracts not designated as effective hedge and ineffective portion of the contracts designated as effective hedge are included in foreign exchange fluctuation account in the Statement of Profit and Loss, after adjustment of periodic premium received on cross currency/ interest rate swaps.

(d) Particulars of unhedged foreign currency exposure:

Particulars	Currency	31 March 2016		31 March 2015	
		Amount (in original currency, lakhs)	Amount (₹ in lakhs)	Amount (in original currency, lakhs)	Amount (₹ in lakhs)
a) Amounts payable in foreign currency	USD	**445.16**	**29,529.26**	468.03	29,294.40
b) Amounts payable in foreign currency	JPY	**3,883.77**	**2,293.76**	4,746.83	2,473.57
c) Amounts receivable in foreign currency	USD	**69.94**	**4,639.27**	95.23	5,961.76

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

		31 March 2016	31 March 2015
Note 36 - Due to Micro, Small and Medium Enterprises			
a)	The amounts remaining unpaid to Micro and Small suppliers as at the end of each accounting year:		
	- Principal	313.07	99.02
	- Interest	-	-
b)	The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	-	-

Note 37

(a) Trade receivables include an amount of **₹798.10 lakhs** (previous year ₹798.10 lakhs) due from a customer which is currently under arbitration. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Company.

(b) Short-term loans and advances includes under the head "Advance for supplies" **₹833.93 lakhs** (previous year ₹833.93 lakhs) as advance against supply of raw materials which is currently under arbitration. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Company.

Note 38 - Employee benefits: Post employment benefit plans

1. Defined contribution plans

   The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Superannuation Fund, which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund for the year aggregates to **₹88.00 lakhs** (previous year ₹93.44 lakhs) and **₹28.20 lakhs** (previous year ₹30.90 lakhs) respectively.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

2. **Defined benefit plans**

The following table summarises the position of assets and obligations relating to the gratuity plan:

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Net Asset / (liability) recognised in Balance sheet as at the year end		
Fair value of plan assets	102.92	87.02
Present value of obligations	178.35	143.93
Asset/ (liability) recognised in balance sheet	(75.43)	(56.91)
Classification into current/ non-current		
Current portion	50.92	56.91
Non-current portion	24.51	-
Movement in present value of defined benefit obligations		
Defined benefit obligation at 1 April	143.93	103.00
Current service cost	31.18	24.18
Interest cost	10.94	7.91
Actuarial (gains) / losses	6.58	17.12
Benefits paid by the plan	(14.28)	(8.28)
Defined benefit obligation at 31 March	178.35	143.93
Movement in fair value of plan assets		
Fair value of plan assets at 1 April	87.02	84.38
Contributions paid into the plan	21.91	3.46
Benefits paid by the plan	(14.28)	(8.28)
Expected return on plan assets	7.40	7.59
Actuarial (losses) / gains	0.87	(0.13)
Fair value of plan assets at 31 March	102.92	87.02
Composition of plan assets		
Qualifying insurance policies	100%	100%
Expense recognised in the Statement of Profit and Loss		
Current service cost	31.18	24.18
Interest on obligation	10.94	7.91
Expected return on plan assets	(7.40)	(7.59)
Net actuarial (gain)/ loss recognised in the year	5.72	17.25
Total included in 'Employee benefits expense' (refer note 27)	40.44	41.75
Actual return on plan assets		
Expected return on plan assets	7.40	7.59
Actuarial gain/(loss) on plan assets	0.87	(0.13)
Actual return on plan assets	8.27	7.46
Principal actuarial assumptions		
Discount rate as at 31 March	8.00%	8.00%
Expected return on plan assets as at 1 April	8.50%	9.00%
Salary growth rate	6.00%	6.00%

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 38 - Employee benefits: Post employment benefit plans *(contd.)*

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Discount rate is based on the prevailing market yield of Indian Government securities as at the year end for the estimated term of the obligation.

Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Five-year information

Amounts for the current and previous four periods are as follows:

Amount in ₹ Lakhs

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Gratuity					
Present Value of defined benefit obligation	**178.35**	143.93	103.00	85.63	53.92
Fair value of plan assets	**102.92**	87.02	84.38	69.55	44.37
Surplus / (deficit) in the plan	**(75.43)**	(56.91)	(18.62)	(16.08)	(9.55)
Experience adjustments arising on plan liabilities [(gain)/ loss]	**6.58**	(2.51)	(3.55)	19.42	10.42
Experience adjustments arising on plan assets [gain/ (loss)]	**1.31**	(0.35)	(0.98)	0.61	-

Proposed contribution for next year

The Company expects to pay ₹**50.92 lakhs** as contribution to its defined benefit plan in the next year (previous year ₹62.84 lakhs).

Note 39 - Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures

(i) **List of related party and relationship where control exists**

(a) **Enterprises over which the Company has control**

Equal Commodeal Private Limited, India (ECPL)	Wholly owned subsidiary
AAT Global Limited, Hongkong (AAT)	Wholly owned subidiary of ECPL
Shandong Dawn Himadri Chemical Industry Limited, China (SDHCIL)	Subsidiary of AAT

(ii) **Names of the other related parties with whom transactions have taken place during the year**

(a) **Key Managerial Personnel**

Mr. Bankey Lal Choudhary, Managing Director
Mr. Shyam Sundar Choudhary, Executive Director
Mr. Vijay Kumar Choudhary, Executive Director
Mr. Anurag Choudhary, Chief Executive Officer
Mr. Amit Choudhary, President - Projects
Mr. Tushar Choudhary, President - Operations

(b) **Relatives of Key Managerial Personnel**

Mr. Damodar Prasad Choudhary, Chairman Emeritus
Mrs. Sushila Devi Choudhary, wife of Mr.Damodar Prasad Choudhary
Mrs. Sheela Devi Choudhary, wife of Mr.Shyam Sundar Choudhary
Mrs. Saroj Devi Choudhary, wife of Mr.Bankey Lal Choudhary
Mrs. Kanta Devi Choudhary, wife of Mr.Vijay Kumar Choudhary

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 39 - Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures *(contd.)*

(c) **Enterprises owned or significantly influenced by the Key Managerial Personnel or their relatives**

Himadri Credit & Finance Limited

Himadri Coke & Petro Limited

Himadri Industries Limited

Sri Agro Himghar Limited

Himadri e-Carbon Limited

(d) **Associates**

BC India Investments

Himadri Dyes & Intermediates Limited

(iii) **Details of transactions with related parties**

Amount in ₹ Lakhs

Particulars	31 March 2016	31 March 2015
Loan given *		
Equal Commodeal Private Limited	200.00	250.00
Conversion of Deep Discount Debentures into Equity shares (including Securities premium of ₹5,881.55 lakhs) [refer note 5 (A) (i) (a)]		
Himadri Coke & Petro Limited	6,208.30	-
Interest on loan given to subsidiary company		
Equal Commodeal Private Limited	154.50	137.98
Guarantee fee		
AAT Global Limited	66.46	65.99
Payment for Supplies/ (Refund) of advances against supplies		
AAT Global Limited	3,651.09	5,327.43
Shandong Dawn Himadri Chemical Industry Limited	-	(288.48)
Salaries/ Managerial Remuneration		
Mr. Bankey Lal Choudhary	60.68	42.41
Mr. Shyam Sundar Choudhary	60.68	43.60
Mr. Vijay Kumar Choudhary	60.00	40.14
Mr. Anurag Choudhary	73.80	40.95
Mr. Amit Choudhary	73.80	40.95
Mr. Tushar Choudhary	73.80	40.95
Amortisation of Discount on Deep Discount Debentures		
Himadri Coke & Petro Limited	379.99	632.97
Rent paid		
Himadri Dyes & Intermediates Limited	0.07	0.07
Himadri Industries Limited	0.07	0.07
Sri Agro Himghar Limited	0.04	0.04
Purchases		
AAT Global Limited	3,005.24	5,687.38
Dividend paid		
BC India Investments	-	103.18
Himadri Dyes & Intermediates Limited	-	98.28
Himadri Industries Limited	-	46.14
Himadri Credit & Finance Limited	-	9.49
Himadri Coke & Petro Limited	-	5.50
Mr. Vijay Kumar Choudhary	-	3.27

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 39 - Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures *(contd.)*

Amount in ₹ Lakhs

Particulars	31 March 2016	31 March 2015
Mr. Shyam Sundar Choudhary	-	3.23
Mr. Bankey Lal Choudhary	-	1.48
Mr. Damodar Prasad Choudhary	-	1.48
Mrs.Sushila Devi Choudhary	-	0.85
Mrs.Sheela Devi Choudhary	-	0.76
Mrs.Saroj Devi Choudhary	-	0.82
Mrs.Kanta Devi Choudhary	-	0.82

(iv) Balances at the year end

Amount in ₹ Lakhs

Particulars	31 March 2016	31 March 2015
Loan given*		
Equal Commodeal Private Limited	**471.40**	271.40
Stand by letter of credit*		
AAT Global Limited	**3,352.02**	3,805.52
Advance for supplies (Net)		
AAT Global Limited	**844.79**	192.68
Guarantee fees receivable		
AAT Global Limited	**83.14**	65.99
Interest receivable on 1.5% Optionally Convertible Debentures		
Equal Commodeal Private Limited	**54.00**	108.00
Interest receivable on loan		
Equal Commodeal Private Limited	**19.28**	16.18
Investments held*		
Equal Commodeal Private Limited - Equity shares	**1.00**	1.00
Equal Commodeal Private Limited - 1.5% Optionally Convertible Debentures	**8,000.00**	8,000.00
Himadri Credit & Finance Limited	**33.49**	33.49
Himadri Dyes & Intermediates Limited	**72.00**	72.00
Himadri Industries Limited	**84.50**	84.50
Himadri e-Carbon Limited	**1.70**	1.70
Deep Discount Debentures		
Himadri Coke & Petro Limited	-	5,828.31

* Details of loans, investments and guarantee covered under Section 186(4) of the Companies Act, 2013:

a. Details of loan – Loan given to Equal Commodeal Private Limited, bears interest rate of 9% p.a. compounded quarterly and is repayable on or before 28 September 2018. (refer note 15)

b. Details of investments - Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed under note 14.

c. Details of Corporate Guarantee/stand by letter of credit given by the Company is as below:

Amount in ₹ Lakhs

Name of the Company	Date of Undertaking	Purpose	As at 31 March 2016	As at 31 March 2015
AAT Global Limited	19 March 2013	Long term loan facility	**1,362.04**	1,927.80
AAT Global Limited	8 February 2012	Short term loan facility	**1,989.99**	1,877.72

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 40

In accordance with Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets', the Group as a prudent measure had made provisions in the earlier year amounting to ₹78.42 lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities. The carrying amount at the beginning of the year was ₹78.42 lakhs, provision of **Nil** made during the year and the closing amount is **₹78.42 lakhs** is carried forward at the end of the year and neither the amount has been used nor the used amount reversed during the year under audit.

Note 41 - Operating lease

a) The Company has taken various commercial premises and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry. Lease payments recognised in Statement of Profit and Loss with respect to operating leases – **₹218.31 lakhs** (previous year ₹153.05 lakhs) included under Rent under 'Other expenses' (refer note 29).

b) The Company has taken a commercial premise under non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

Amount in ₹ Lakhs

Particulars	Minimum Lease Payments	
	31 March 2016	31 March 2015
Not later than one year	**1.92**	26.40
Later than one year and not later than five years	**7.68**	-
Later than five years	**18.88**	-

Note 42 - Research and development expenses

Research and development expenses aggregating to **₹238.20 lakhs** (previous year ₹239.92 lakhs) in the nature of revenue expenditure and **Nil** (previous year Nil) in the nature of capital expenditure have been included under the relevant account heads.

Note 43 - Segment information

In accordance with Accounting Standard 17 "Segment Reporting", segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these financial statements.

Note 44 - Information pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Amount in ₹ Lakhs

Particulars	31 March 2016	31 March 2015	Maximum balance during the current year	Maximum balance during the previous year
Loans and Advances in the nature of loan to a subsidiary company				
- Equal Commodeal Private Limited	**471.40**	271.40	**471.40**	271.40

Note 45

The Company does not make any direct remittances of dividends in foreign currencies to non-resident shareholders. Dividend to non-resident shareholders has been deposited into their Rupee account in banks in India.

Notes to financial statements for the year ended 31 March 2016 *(continued)*

Note 46

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing regulations under Sections 92-92F of the Income-Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company continuously updates its documents for the international transactions entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions are at arms length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense for the year and that of provision for taxation.

Note 47

Total expenditure incurred on Corporate Social Responsibilty activities during the year ended 31 March 2016 is **₹24.16 lakhs** (previous year ₹27.99 lakhs). This expenditure has been included under miscellaneous expenses under 'Other expenses' (refer note 29).

Details of CSR expenditure during the financial year:

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

(b) Amount spent during the year on:

Amount in ₹ Lakhs

Particulars	Amount (in cash)	Amount (yet to be paid in cash)	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above			
- Eradicating Hunger, poverty and malnutrition	11.85	-	11.85
- Education and promoting education	7.00	-	7.00
- Promoting health care including preventive health care	5.31	-	5.31
Total	**24.16**	-	**24.16**

Note 48

Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification/ disclosure.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration Number.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No. 050251

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

Place: Kolkata
Date: 23 May 2016

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of
Himadri Chemicals & Industries Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Himadri Chemicals & Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 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 financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 auditors' report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated 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 reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements / financial information of its subsidiaries, whose financial statements / financial information reflect total assets of ₹12,311.80 lakhs as at 31 March 2016, total revenues of ₹3,174.13 lakhs and net cash flows amounting to ₹79.47 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. 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 purpose 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 reports of the other auditors.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its Subsidiary Company incorporated in India, none of the Directors of the Holding Company and its Subsidiary Company incorporated in India is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Subsidiary Company incorporated in India, and the operating effectiveness of such controls, refer to our separate report in "Annexure A"

   g. With respect to the other matters to be included in the Auditors' 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 explanation given to us and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of subsidiaries, and noted in the 'Other Matter' paragraph:

      i. The Consolidated financial statements disclose the impact of the pending litigations on the consolidated financial position of the group - refer note 31(a), 33 and 37 to the consolidated financial statements;

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - refer note 32 to the consolidated financial statements in respect to such items as it relates to the Group.

      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.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No.: 055757

Place: Kolkata
Date: 23 May 2016

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration No.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No.: 050251

Place: Kolkata
Date: 23 May 2016

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013. Registered office: Lodha Excelus, 1 Floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalakshmi, Mumbai - 400011.

Annexure – A to the Independent Auditors' Report of 31 March 2016 on the Consolidated Financial Statements of Himadri Chemicals & Industries Limited

(Referred to in our report of even date)

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

In conjunction with our audit of the consolidated financial statement of the Group as of and for the year ended 31 March 2016, we have considered the internal financial controls over financial reporting of Himadri Chemicals & Industries Limited ("the Holding Company") and in respect of its subsidiary company, Equal Commodeal Private Limited, incorporated in India as of 31 March 2016, which has been audited by other auditor's whose report have been furnished to us by the Management and our opinion on the Internal financial control, in so far as it relates to the aforesaid subsidiary is based on the corresponding report of the auditor's of Subsidiary Company.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company 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 financial 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 policies of Holding Company and its Subsidiary Company incorporated in India, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company and Subsidiary Company 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 in respect of Holding Company 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company and its Subsidiary Company incorporated in India 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;

Annexure – A to the Independent Auditors' Report of 31 March 2016 on the Consolidated Financial Statements of Himadri Chemicals & Industries Limited *(continued)*

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiary 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 31 March 2016, 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 reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to its subsidiary company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No.: 055757

Place: Kolkata
Date: 23 May 2016

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration No.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No.: 050251

Place: Kolkata
Date: 23 May 2016

Consolidated Balance Sheet as at 31 March 2016

Amount in ₹ Lakhs

	Note No.	31 March 2016	31 March 2015
I. EQUITY AND LIABILITIES			
1) Shareholders' funds			
(a) Share capital	3	4,184.08	3,857.33
(b) Reserves and surplus	4	80,504.14	74,993.47
		84,688.22	78,850.80
2) Minority interest		-	32.05
3) Non-current liabilities			
(a) Long-term borrowings	5	36,679.96	53,214.25
(b) Deferred tax liabilities (net)	6	4,781.70	5,219.71
(c) Other long-term liabilities	7	5,968.78	6,979.75
(d) Long-term provisions	8	102.93	78.42
		47,533.37	65,492.13
4) Current liabilities			
(a) Short-term borrowings	9	41,190.99	52,633.11
(b) Trade payables	10		
- total outstanding dues of micro enterprises and small enterprises; and		313.07	99.02
- total outstanding dues of creditors other than micro enterprises and small enterprises		11,214.32	10,748.40
(c) Other current liabilities	11	18,161.48	16,271.87
(d) Short-term provisions	8	318.06	77.92
		71,197.92	79,830.32
TOTAL		203,419.51	224,205.30
II. ASSETS			
1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12(a)	117,988.27	122,826.32
(ii) Intangible assets	12(b)	-	-
(iii) Capital work-in-progress	13	3,138.01	1,412.30
		121,126.28	124,238.62
(b) Non-current investments	14	197.09	197.09
(c) Long-term loans and advances	15	11,120.61	11,315.45
(d) Other non-current assets	16	800.55	839.75
		133,244.53	136,590.91
2) Current assets			
(a) Current investments	17	2,100.00	2,100.00
(b) Inventories	18	31,962.14	36,753.46
(c) Trade receivables	19	20,391.10	32,125.72
(d) Cash and cash equivalents	20	4,660.02	4,133.02
(e) Short-term loans and advances	21	10,161.47	12,232.03
(f) Other current assets	22	900.25	270.16
		70,174.98	87,614.39
TOTAL		203,419.51	224,205.30
Significant accounting policies	2		
Notes to Consolidated Financial Statements	1 to 42		
The notes referred to above form an integral part of the consolidated financial statements			

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number.: 101248W/W-100022

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration Number.: 309005E

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited
CIN: L27106WB1987PLC042756

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

Sd/-
B. K. Newatia
Partner
Membership No. 050251

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

Place: Kolkata
Date: 23 May 2016

Consolidated Statement of Profit and Loss for the year ended 31 March 2016

Amount in ₹ Lakhs

	Note No.	31 March 2016	31 March 2015
I. Revenue from Operations	23		
Sale of products (gross)		132,154.69	161,408.21
Less: Excise duty		13,894.24	17,777.72
Sale of products (net)		118,260.45	143,630.49
Other operating revenue		82.92	167.96
Total revenue from operations		118,343.37	143,798.45
II. Other Income	24	1,033.84	1,309.05
III. Total revenue (I + II)		119,377.21	145,107.50
IV. Expenses			
Cost of materials consumed	25	78,948.43	115,574.73
Changes in inventories of finished goods and work-in-progress	26	5,552.88	(5,842.97)
Employee benefits expense	27	3,202.17	3,259.07
Finance costs	28	10,334.05	10,263.02
Depreciation and amortisation expense	12(a) and 12(b)	6,704.74	5,917.62
Foreign exchange fluctuation (net)		2,135.96	681.98
Other expenses	29	14,598.38	17,701.93
Total expenses		121,476.61	147,555.38
V. Profit / (Loss) before tax		(2,099.40)	(2,447.88)
VI. Tax expenses			
Current tax		-	-
Excess tax provision for earlier years written back		(5.31)	-
MAT credit (entitlement)/reversal		-	64.10
Net current tax		(5.31)	64.10
Deferred tax charge/(credit)		(438.01)	(1,260.52)
VII. Profit / (Loss) after tax (before adjustment of minority interest)		(1,656.08)	(1,251.46)
VIII. Minority interest		(32.37)	(8.45)
IX. Profit / (Loss) for the year		(1,623.71)	(1,243.01)
X. Earnings/(Loss) per equity share [nominal value of share ₹1 each (previous year ₹1 each)]	30		
Basic and Diluted		(0.42)	(0.32)
Significant accounting policies	2		
Notes to Consolidated Financial Statements	1 to 42		

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration Number.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No. 050251

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

Place: Kolkata
Date: 23 May 2016

Consolidated Cash Flow Statement for the year ended 31 March 2016

Amount in ₹ Lakhs

	31 March 2016		31 March 2015	
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit / (loss) before tax		**(2,099.40)**		(2,447.88)
Adjustments for :				
Depreciation and amortisation expense	**6,704.74**		5,917.62	
Effect of changes on foreign currency translation (net)	**49.91**		(214.55)	
Finance costs	**10,334.05**		10,263.02	
Interest income	**(260.69)**		(260.81)	
Dividend received	**(0.38)**		(0.43)	
Profit on sale of mutual funds (current investments)	**(613.30)**		(883.69)	
Foreign exchange fluctuation (net)	**2,581.30**		1,266.45	
(Profit)/ Loss on sale of fixed assets	**(3.82)**		26.15	
		18,791.81		16,113.76
Operating cash flows before working capital changes		**16,692.41**		13,665.88
Adjustments for :				
(Increase)/ decrease in inventories	**4,791.32**		2,071.61	
(Increase)/ decrease in trade receivables	**11,734.62**		3,321.72	
(Increase)/ decrease in loans and advances	**1,435.22**		1,062.34	
(Increase)/ decrease in other assets	**(49.82)**		205.28	
Increase/ (decrease) in trade payables	**679.97**		476.56	
Increase/ (decrease) in other liabilities and provisions	**(5,611.02)**		194.75	
		12,980.29		7,332.26
Cash generated from operations		**29,672.70**		20,998.14
Direct tax (paid)/ refunded		**(42.19)**		249.34
Net cash provided by operating activities		**29,630.51**		21,247.48
B. CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets (including capital work-in-progress and capital advances)	**(1,510.48)**		(2,806.69)	
Proceeds from sale of fixed assets	**19.08**		8.65	
Interest income received	**294.69**		261.28	
Dividend income received	**0.38**		0.43	
Proceeds from sale of investments (mutual fund)	**2,100.00**		15,396.86	
Purchase of investments in mutual fund	**(2,100.00)**		-	
(Increase)/ decrease in fixed deposits with banks (having maturity of more than 3 months)	**725.04**		(70.09)	
Net cash provided/ (used) in investing activities		**(471.29)**		12,790.44

Consolidated Cash Flow Statement for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016		31 March 2015	
C. CASH FLOWS FROM FINANCING ACTIVITIES				
Minority Contribution	0.32		1.41	
Proceeds from long-term borrowings	42.16		83.11	
Repayment of long-term borrowings	(6,838.85)		(17,952.77)	
Increase/ (decrease) in working capital borrowings	(12,607.33)		(8,289.22)	
Interest paid	(8,545.60)		(8,203.15)	
Dividend paid	-		(385.73)	
Dividend tax paid	-		(65.56)	
Net cash provided by/ (used in) financing activities		(27,949.30)		(34,811.91)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		1,209.92		(773.99)
Cash and cash equivalents at the beginning of the year * (refer note 20 to the financial statements)		1,739.01		2,480.62
Effect of exchange gain on cash and cash equivalents held in foreign currency (EEFC accounts)		18.02		32.38
Cash and cash equivalents at the end of the year * (refer note 20 to the financial statements)		2,966.95		1,739.01

* Cash and cash equivalents includes bank deposits with original maturity of less than 3 months aggregating to **₹902.82 lakhs** (previous year ₹849.31 lakhs), pledged with the banks against various credit facilities availed by the Group.

Notes:

1. The above Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard- 3 on Cash Flow Statement.
2. Figures in brackets indicate cash outflows.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration Number.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No. 050251

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

Place: Kolkata
Date: 23 May 2016

Notes to consolidated financial statements for the year ended 31 March 2016

1. Company overview

Himadri Chemicals & Industries Limited ("the Company") is a public company domiciled and headquartered in India. It was incorporated on 28 July 1987 and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Company has operations in India and caters to both domestic and international markets. The Company also has a wholly-owned subsidiary in India in the name of Equal Commodeal Private Limited, a step down wholly-owned subsidiary in the name of AAT Global Limited, incorporated in Hong Kong and another subsidiary with 94% shareholding in Shandong Dawn Himadri Chemical Industry Limited, incorporated in China collectively referred to as "the Group".

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

2.1. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements relate to Himadri Chemicals & Industries Limited ('the Holding Company') and its subsidiaries, (collectively referred to as 'the Group'). The consolidated financial statements are prepared in accordance with Accounting Standard 21 - "Consolidated Financial Statements" issued in the Companies (Accounting Standard), Rules 2006 notified by the Central Government and as per General instruction for preparation of consolidated financial statements given in Schedule III of the Companies Act, 2013. The consolidated financial statements are prepared by adopting uniform accounting policies between the group companies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements. Appropriate disclosure, as applicable, is made of significant deviations from the Company's accounting policies, which have not been adjusted.

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP primarily comprises mandatory accounting standards as specified under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014, the provision of the Act, guidelines issued by the Securities and Exchange Board of India (SEBI) and other accounting pronouncements of the Institute of Chartered Accountants of India (ICAI), to the extent applicable.

The consolidated financial statements are presented in Indian Rupees (in lakhs), in the same format as that adopted by the parent Company for its standalone financial statements.

Subsidiaries considered in the consolidated financial statements:

Name of the Company	Country of incorporation	Current Year Percentage Holding - Share	Previous Year Percentage Holding - Share
Equal Commodeal Private Limited	India	100%	100%
AAT Global Limited	Hong Kong	100%	100%
Shandong Dawn Himadri Chemical Industry Limited	China	94%	94%

2.2. Principles of consolidation

The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiaries are combined on a line-by-line basis after fully eliminating the intra-group transactions, intra-group balances and unrealised profits in full in accordance with Accounting Standard 21 - "Consolidated Financial Statements" prescribed by the Companies (Accounting Standard), Rules 2006.

b) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries, is recognised in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

c) Minority Interest's share of net 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/(loss) attributable to shareholders of the Group.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

d) The financial statements of the subsidiaries have been incorporated in the consolidated financial statements of the Group based on audited financial statements as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') and have been audited by other auditors duly qualified to act as auditors in those countries.

2.3. Use of estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the consolidated financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

2.4. Current – Non-current classification

All assets and liabilities are classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act.

2.4.1. Assets

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

a) it is expected to be realised in, or is intended for sale or consumption in, the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within 12 months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets.

All other assets are classified as non-current.

2.4.2. Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Group's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within 12 months after the reporting date; or

d) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

For the purpose of current/non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of business and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.5. Fixed assets and depreciation

2.5.1. Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation/ amortisation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Foreign currency exchange differences are capitalised as per the policy stated in note 2.11 below.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

A fixed asset is eliminated from the consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Consolidated Statement of Profit and Loss.

2.5.2. *Intangible fixed assets*

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

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

2.5.3. *Depreciation and amortisation*

Depreciation and amortisation for the year is recognised in the Consolidated Statement of Profit and Loss.

Depreciation on fixed assets situated at Liluah Unit - I (Howrah), Vapi and Vizag in India are provided on written down value method and on fixed assets situated at other locations are provided on straight line method over the useful lives of assets, at the rates and in the manner specified in Part C of Schedule II of the Act.

The rates of depreciation as prescribed in Part C of Schedule II of the Act are considered as the minimum rates.

Freehold land is not depreciated. Leasehold land (includes development cost) is amortised on a straight line basis over the period of respective lease except land acquired on perpetual lease.

2.5.4. *Impairment of Assets*

Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of the assets or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset or CGU.

Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists or has decreased, the asset or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Such a reversal is recognised in the Consolidated Statement of Profit and Loss.

2.6. Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Consolidated Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Consolidated Statement of Profit and Loss over the lease term.

2.7. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of Schedule III to the Act.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Consolidated Statement of Profit and Loss.

2.8. Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, First in First out (FIFO) method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty liability is included in the valuation of closing inventory of the finished goods.

Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

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. The comparison of cost and net realisable value is made on an item-by-item basis.

2.9. Employee benefits

2.9.1. Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries, wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by the employees.

2.9.2. Post-employment benefits

2.9.2.1. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified contributions towards (a) employee provident fund to Government administered provident fund scheme, and (b) superannuation scheme for eligible employees to Life Insurance Corporation of India (LICI), which are defined contribution plans. The Group's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss during the period in which the employee renders the related service.

2.9.2.2. Defined benefit plan

The Group's gratuity benefit scheme is a defined benefit plans. The Group's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Group's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method. The Group recognises all actuarial gains and losses arising from defined benefit plan immediately in the Consolidated Statement of Profit and Loss. All expenses related to defined benefit plan are recognised in Employee benefits expense in the Consolidated Statement of Profit and Loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. Contributions are deposited with the Life Insurance Corporation of India based on information received by the Group. When

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit and loss on a straight-line basis over the average period until the benefits become vested. The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

2.9.2.3. Compensated Absences

The employees can carry forward unutilised accrued compensated absences and utilise it in next service period or receive cash compensation. Since the compensated absences fall due wholly within twelve months after the end of the period in which the employees render the related service and are also expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a short-term employee benefit. The Group records an obligation for such compensated absences in the year in which the employee renders the services that increase this entitlement. The obligation is measured at actuals at the year end as per the policy of the Group.

2.10. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. The amount recognised as revenue is exclusive of Sales tax and Value added tax (VAT) and is net of returns, trade discounts and quantity discounts. Excise duty relating to sales is reduced from gross sales for disclosing net revenue from operations.

Export incentives (duty drawback) are recognised on accrual basis against goods exported.

Revenue from job work charges (excluding service tax) is recognised on completion of job work in accordance with terms of the agreement.

Earning from sale of power is accounted for on tariff rates agreed with respective Electricity Board and are net of discounts for prompt payment of bills.

Dividend income is recognised when the right to receive payment is established.

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

2.11. Foreign exchange transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate on the date of transaction.

Exchange differences arising on the settlement or conversion of monetary assets and liabilities are recognised as income or as expense in the year in which they arise, except for:

a) Exchange differences relating to long term foreign currency monetary items accounted for in accordance with Para 46A of AS 11 "The Effects of changes in Foreign Exchange Rates". Such exchange differences arising on long term foreign currency monetary items (original maturity of one year or more) in so far as they relate to the acquisition of depreciable capital asset have been added or deducted from the cost of the asset and depreciated over the balance useful life of the asset and in other cases have been accumulated in a Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and amortised over the balance period of such long term monetary item.

b) The premium or discount on a forward exchange contract taken to hedge foreign currency risk of an existing asset/liability is recognised over the period of the contract. The forward exchange contracts taken to hedge existing assets or liabilities are translated at the closing exchange rates and resultant exchange differences are recognised in the same manner as those on the underlying foreign currency asset or liability.

c) In case of foreign subsidiaries, revenue items are consolidated at the average exchange rate prevailing during the year. All assets and liabilities are converted at exchange rates prevailing at the end of the year. All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the subsidiaries.

2.12. Derivative instruments and hedge accounting

The Group enters into derivative financial instruments with banks to hedge foreign currency risk of firm commitments and highly probable forecasted transactions and interest rate risks.

The method of recognising the resultant gain or loss depends on whether the derivative is designated as hedging instrument, and if so, the nature of the item being hedged. To designate a derivative contract as an effective hedge, management objectively evaluates and evidence with appropriate underlying documents of each contract whether the contract is effective in offsetting cash flow attributable to the hedged risk.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the AS 30 "Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. The use of hedge instruments is governed by the Group's policies approved by the Board of Directors. The Group does not use these contracts for trading or speculative purposes.

Hedging instruments are initially measured at fair value and are re-measured at subsequent reporting date at fair value. Changes in the fair values of these derivatives contracts that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and Surplus and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Consolidated Statement of Profit and Loss in the same period during which the forecasted underlying transaction occurs.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Consolidated Statement of Profit and Loss.

2.13. Provisions

A provision is recognised if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Contingencies

Provision in respect of loss contingencies relating to claims, litigations, assessments, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

2.14. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.15. Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. In case of tax payable as Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961, the credit

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case maybe) to be realised.

2.16. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred and include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Discount on issue of Deep Discount Debentures is amortised during the tenure of the debentures which is 20 years from the date of allotment.

2.17. Research and development expenses

Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Group.

2.18. Earnings per Share

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

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

2.19. Government Grants

Grants from the government are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant relates to a depreciable asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset. Grants related to non-depreciable assets are credited to Capital Reserve.

2.20. Cash and cash equivalents

Cash and cash equivalents include cash and cash-on-deposit with banks. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents

2.21. Consolidated Cash flow statement

Consolidated Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Group are segregated.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 3 - Share capital		
Authorised		
700,000,000 (previous year 700,000,000) equity shares of ₹1 each	**7,000.00**	7,000.00
Issued, subscribed and fully paid up		
418,407,867 (previous year 385,732,570) equity shares of ₹1 each	**4,184.08**	3,857.33

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	31 March 2016		31 March 2015	
	Number	Amount	Number	Amount
Equity Shares				
At the commencement of the year	**385,732,570**	**3,857.33**	385,732,570	3,857.33
Add: Issued during the year [refer note 5 (A) (i) (a)]	**32,675,297**	**326.75**	-	-
At the end of the year	**418,407,867**	**4,184.08**	385,732,570	3,857.33

b. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of ₹1 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared by the Company from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. Particulars of shareholders holding more than 5% shares of fully paid up equity shares

	31 March 2016		31 March 2015	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of ₹1 each fully paid up held by:				
BC India Investments	**103,178,860**	**24.66%**	103,178,860	26.75%
VCIGPM Limited (formerly CITI Group Venture Capital International)	-	-	47,053,425	12.20%
Himadri Dyes & Intermediates Limited	**98,284,310**	**23.49%**	98,284,310	25.48%
Himadri Industries Limited	**46,140,000**	**11.03%**	46,140,000	11.96%
Himadri Coke & Petro Limited	**38,175,297**	**9.12%**	5,500,000	1.43%

d. Details of shares issued/ allotted for consideration other than cash during the period of five years immediately preceding the reporting date:

Pursuant to a Special Resolution passed by the shareholders at the Extra Ordinary General Meeting held on 22 March 2016, 32,675,297 equity shares of ₹1/- each have been issued/ allotted at a price of ₹19/- per equity share (including a premium of ₹18/- per equity share) on 25 March 2016 to Himadri Coke & Petro Limited, a related party, on preferential basis for consideration other than cash and in lieu of Deep Discount Debentures held by them.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 4 - Reserves and surplus		
Capital reserve		
At the commencement and at the end of the year	**1,280.50**	1,280.50
Securities premium account		
At the commencement of the year	**39,469.84**	39,469.84
Securities premium on equity shares issued during the year [refer note 5 (A) (i) (a)]	**5,881.55**	-
At the end of the year	**45,351.39**	39,469.84
Debenture redemption reserve		
At the commencement of the year	**5,009.64**	4,177.32
Amount transferred to general reserve [refer note 5 (A) (i) (a)]	**(2,152.50)**	-
Amount transferred from surplus	**678.57**	832.32
At the end of the year	**3,535.71**	5,009.64
General reserve		
At the commencement of the year	**11,517.44**	11,517.44
Amount transferred from debenture redemption reserve [refer note 5 (A) (i) (a)]	**2,152.50**	-
At the end of the year	**13,669.94**	11,517.44
Foreign exchange translation reserve		
At the commencement of the year	**(132.45)**	82.10
Movement during the year	**49.91**	(214.55)
At the end of the year	**(82.54)**	(132.45)
Hedging reserve [refer note 32(c)]		
At the commencement of the year	**(3,925.75)**	(4,889.44)
Movement during the year	**1,414.47**	963.69
At the end of the year	**(2,511.28)**	(3,925.75)
Foreign currency monetary item translation difference account (FCMITDA)		
At the commencement of the year	**(40.24)**	(46.12)
Exchange gain/ (loss) during the year on foreign currency convertible bond (FCCB) / foreign currency term loan	**(72.52)**	(40.50)
Amortisation of foreign exchange fluctuation for the year	**112.76**	46.38
At the end of the year	**-**	(40.24)
Surplus (Profit and loss balance)		
At the commencement of the year	**21,814.49**	24,128.64
Depreciation charge [Net of deferred tax **Nil** (previous year ₹125.51 lakhs)][refer note 12 (a)]	**-**	(238.82)
Loss for the year	**(1,623.71)**	(1,243.01)
Appropriations		
Proposed equity dividend [Amount per share **₹0.05** (previous year Nil)]	**(209.20)**	-
Tax on proposed equity dividend	**(42.59)**	-
Transfer to Debenture redemption reserve	**(678.57)**	(832.32)
At the end of the year	**19,260.42**	21,814.49
Total Reserves and surplus	**80,504.14**	74,993.47

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	Non-current portion		Current maturities	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Note 5 - Long-term borrowings				
Bonds / debentures				
Nil (previous year 12,300) Deep Discount Debentures of ₹100,000 each (unsecured)	-	12,300.00	-	-
Less: Discount on issue of Deep Discount Debentures to the extent not written off or adjusted	-	6,471.69	-	-
	-	5,828.31	-	-
500 (previous year 500) 12.50% Redeemable Non-Convertible Debentures of ₹1,000,000 each (secured)	**5,000.00**	5,000.00	-	-
2,500,000 (previous year 2,500,000) 10% Redeemable Non-Convertible Debentures of ₹400 each (secured)	**10,000.00**	10,000.00	-	-
1,000 (previous year 1,000) 9.60% Redeemable Non-Convertible Debentures of ₹1,000,000 each (secured)	**10,000.00**	10,000.00	-	-
70 (previous year 70) Foreign Currency Convertible Bonds of USD 100,000 each (unsecured)	-	4,381.36	**4,643.30**	-
	25,000.00	35,209.67	**4,643.30**	-
Term loans				
Rupee loans (secured)				
From banks	**7,050.00**	7,625.00	**575.00**	500.00
Foreign currency loans (secured)				
From banks	**1,780.00**	6,468.14	**5,228.44**	4,904.50
From others	**2,736.23**	3,677.21	**1,160.83**	1,095.34
	11,566.23	17,770.35	**6,964.27**	6,499.84
Loan against vehicles and equipments (secured)	**52.31**	70.36	**54.96**	51.78
Deferred payment liabilities				
Sales tax deferment (unsecured)	**61.42**	163.87	**102.45**	41.10
	36,679.96	53,214.25	**11,764.98**	6,592.72
The above amount includes:				
Secured borrowings	**36,618.54**	42,840.71	**7,019.23**	6,551.62
Unsecured borrowings	**61.42**	10,373.54	**4,745.75**	41.10
Amount disclosed under the head - "Other current liabilities" (refer note 11)	-	-	**(11,764.98)**	(6,592.72)
	36,679.96	53,214.25	-	-

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 5 - Long-term borrowings *(contd.)*

(A) Terms of repayment/ conversion/ redemption

(i) Bonds / debentures

a) The Group, on 24 September 2001, had issued 12,300 Deep Discount Debentures ("DDD") of face value of ₹100,000 each to Himadri Coke & Petro Limited, aggregating to ₹12,300 lakhs at a discount of 90% on face value and were redeemable at par at the end of 20 years from the date of allotment. The DDD carried an implicit rate of interest of approximately 12.18% compounded annually. During the current year, the terms of the existing DDD were amended to provide, inter alia, terms of conversion of the DDD into the equity shares of the Group. Accordingly, by way of approval of the shareholders by a special resolution, passed at the Extra Ordinary General meeting held on 22 March 2016, the above DDD were converted into 32,675,297 equity shares of ₹1 each at a price of ₹19/- per equity share (including a premium of ₹18/- per equity share) aggregating to ₹6,208.30 lakhs as per the valuation report of an independent qualified valuer. The above equity shares were allotted on 25 March 2016. On above conversion, ₹2,152.50 lakhs was transferred from Debenture Redemption Reserve to General Reserve. The Group has complied with requisite provisions of the Companies Act, 2013 and SEBI, as applicable.

b) The Group on 29 October 2013 had issued 12.50% Redeemable Non-convertible Debentures of face value of ₹1,000,000 each aggregating ₹5,000 lakhs to be redeemed at par at the end of 7 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

c) The Group on 24 August 2010 had issued 10% Redeemable Non-convertible Debentures of face value of ₹400 each aggregating ₹10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to Life Insurance Corporation of India.

d) The Group on 28 June 2010 had issued 9.60% Redeemable Non-convertible Debentures of face value of ₹1,000,000 each aggregating ₹10,000 lakhs to be redeemed at par at the end of 10 years from the date of allotment on private placement basis to ICICI Bank Limited. These debentures can be redeemed at par on or after 7 years from the date of allotment, at the option of the either party.

e) The Group on 13 April 2009 had issued 70 Foreign Currency Convertible Bonds (FCCB) of face value of USD 100,000 each aggregating USD 70 lakhs to International Finance Corporation (IFC). As per the terms of the issue, the bond holder has an option of converting these bonds into equity shares within a period of 7 years from the date of issue at an initial conversion price of ₹13.50 per equity share of face value of ₹1 each at the foreign exchange rate prevailing on the date of conversion request. In case the conversion option is not exercised, the outstanding FCCB would be redeemed at par together with interest accrued at the rate of 6 months LIBOR + spread of 3.35% per annum accrued on a compounded 6 monthly basis. Till 31 March 2016, the Group made provision of **₹1,467.30 lakhs** (previous year ₹1,169.27 lakhs) as interest on outstanding FCCB. The FCCB Holder - IFC has intimated to the Group before 31 March 2016, not to exercise its option of conversion but to redeem the said FCCB on the due date. These FCCB were redeemed on 4 April 2016.

(ii) Term loans

a) Name of the lendor	Loan Outstanding as at 31 March 2016 (₹ in lakhs)	Period of maturity with respect to Balance Sheet date	Number of installments outstanding as at 31 March 2016	Installment Amount (₹ in lakhs)
Rupee loans (secured)				
Axis Bank Limited	₹7,625.00	7 years 3 months	29	Repayable at quarterly rest: 1 of ₹125.00 each 8 of ₹150.00 each 4 of ₹250.00 each 8 of ₹300.00 each 8 of ₹362.50 each
	(₹8,125.00)	(8 years 3 months)	(33)	
As on 31 March 2016 interest rate on rupee term loan is **10.50 %** per annum (previous year 11.15% per annum).				
Foreign currency borrowings				
ICICI Bank Limited (ECB)	₹2,288.57 JPY 3,875.00	4 years 5 months	9	JPY 430.56 - repayable at half yearly rest
	(₹2,467.99) (JPY 4,736.11)	(5 years 5 months)	(11)	

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 5 - Long-term borrowings *(contd.)*

(ii) Term loans *(contd.)*

a) Name of the lendor	Loan Outstanding as at 31 March 2016 (₹ in lakhs)	Period of maturity with respect to Balance Sheet date	Number of installments outstanding as at 31 March 2016	Installment Amount (₹ in lakhs)
The Hongkong and Shanghai Banking Corporation Limited (ECB)	**₹2,487.48 USD 37.50**	**0 year 11 months**	**4**	**USD 9.38 - repayable at quarterly rest**
	(₹4,694.31) (USD 75.00)	(1 year 11 months)	(8)	
The Hongkong and Shanghai Banking Corporation Limited (term loan)	**₹905.73 USD 13.69**	**1 year**	**4**	**USD 3.42 - repayable at quarterly rest**
	(₹1,706.71) (USD 27.38)	(2 years)	(8)	
DBS Bank Limited (ECB)	**₹1,326.66 USD 20.00**	**0 year 9 months**	**2**	**USD 10.00 - repayable at half yearly rest**
	(₹2,503.63) (USD 40.00)	(1 year 9 months)	(4)	
International Finance Corporation (ECB)	**₹1,658.32 USD 25.00**	**2 years 6 months**	**5**	**USD 5.00 - repayable at half yearly rest**
	(₹2,190.68) (USD 35.00)	(3 years 6 months)	(7)	
DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH (ECB)	**₹2,238.74 USD 33.75**	**4 years 6 months**	**18**	**USD 1.88 - repayable at quarterly rest**
	(₹2,581.86) (USD 41.25)	(5 years 6 months)	(22)	

An average interest rate on foreign currency loans is **LIBOR + 2.72%** per annum (previous year - LIBOR + 2.67% per annum).

b) The Group had been granted sales tax deferment by the Government of Andhra Pradesh under the "Target 2000 - New Industrial Policy". The same is repayable from the end of the 14th year without payment of interest during the period from August 2014 to October 2017. During the current year, the Group has made repayment of **₹41.10 lakhs** (previous year ₹65.03 lakhs).

c) Loans against vehicles and equipments are for a period of three to five years and repayable by way of equated monthly instalments.

(B) Details of security

i) 12.50% Redeemable Non-convertible Debentures and 10% Redeemable Non-convertible Debentures issued to Life Insurance Corporation of India and 9.60% Redeemable Non-convertible Debentures issued to ICICI Bank Limited, aggregating to ₹25,000 lakhs are secured by way of Equitable Mortgage on land situated at Mouza Maharaj Pura Dist – Mahsana (Gujarat), First Pari Passu charge on immovable properties (Leasehold Land) situated at Mahistikry and hypothecation of all movable fixed assets (including plant and machinery) of the Group in favour of Axis Trustee Services Limited, being the trustee of the Debenture Holders.

ii) Rupee term loan from Axis Bank Limited, Foreign currency borrowings from International Finance Corporation (IFC), The Hongkong and Shanghai Banking Corporation Limited (HSBC) and DBS Bank Limited (DBS) are secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable fixed assets (including plant and machinery) on pari passu basis with other lenders.

iii) Foreign currency borrowings from DEG - Deutsche Investitionsund Entwicklungsgesellschaft MBH and ICICI Bank Limited are secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable fixed assets (including plant and machinery) situated at Mahistikry on pari passu basis with other lenders.

iv) Foreign currency term loan from The Hongkong and Shanghai Banking Corporation Limited is secured by standby letter of credit issued by a bank on behalf of the holding company.

v) Loans against vehicles and equipment are secured by way of hypothecation of the underlying asset financed.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 6 - Deferred tax liabilities (net)		
Deferred tax liabilities		
Excess of depreciation/ amortisation on fixed assets under income-tax law over depreciation/ amortisation provided in accounts	18,736.41	17,727.13
Deferred tax assets		
Unabsorbed depreciation	11,490.31	9,224.66
Mark to market on derivative contracts	1,746.49	2,612.18
Other disallowances under Income-tax Act, 1961	717.91	670.58
	13,954.71	12,507.42
Deferred tax liabilities (net)	4,781.70	5,219.71

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 7 - Other long-term liabilities		
Derivative contracts payable	5,943.01	5,764.15
Interest accrued but not due on borrowings	-	1,169.27
Trade payables	-	20.56
Other payables	25.77	25.77
	5,968.78	6,979.75

Amount in ₹ Lakhs

	Long-term		Short-term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Note 8 - Provisions				
Provision for employee benefits:				
Gratuity (refer note 34)	24.51	-	50.92	56.91
Compensated absences	-	-	15.35	21.01
Other provisions:				
Proposed equity dividend	-	-	209.20	-
Tax on proposed equity dividend	-	-	42.59	-
Provision for contingencies (refer note 37)	78.42	78.42	-	-
	102.93	78.42	318.06	77.92

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 9 - Short-term borrowings		
Working capital loans		
From banks (secured)		
Rupee loans	**21,398.35**	23,357.81
Foreign currency loans	**17,539.51**	26,275.41
	38,937.86	49,633.22
From banks (unsecured)		
Rupee loans	**1,302.05**	2,999.89
	1,302.05	2,999.89
From others (unsecured)		
Rupee loans	**951.08**	-
	951.08	-
	41,190.99	52,633.11

Details of security

Working capital loans from banks aggregating ₹**38,937.86 lakhs** (previous year ₹49,633.22 lakhs) are secured by hypothecation of currents assets of the Group both present and future on pari passu basis. Further, working capital loan from bank aggregating to ₹**1,651.64 lakhs** (previous year Nil) is also secured by subservient charge on plant and machinery of the Group.These loans include ₹**2,072.44 lakhs** (previous year ₹4,431.12 lakhs), being personally guaranteed by the promoter directors of the Group.

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 10 - Trade payables		
Total outstanding dues of micro enterprises and small enterprises	**313.07**	99.02
Total outstanding dues of creditors other than micro enterprises and small enterprises	**11,214.32**	10,748.40
	11,527.39	10,847.42

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 11 - Other current liabilities		
Current maturities of long-term debt (refer note 5)	**11,764.98**	6,592.72
Interest accrued but not due on borrowings	**2,071.11**	589.51
Unclaimed dividend *	**33.22**	47.35
Capital creditors	**82.60**	126.07
Derivative contracts payable	**258.54**	4,672.71
Statutory dues	**1,969.60**	2,579.03
Advances received from customers	**1,920.73**	1,426.48
Other payables#	**60.70**	238.00
	18,161.48	16,271.87

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2016.

Includes amount due towards Employee benefits expense and Security deposits.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 12(a) - Tangible assets

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Total
Gross Block								
Balance as at 31 March 2014	3,591.39	600.46	11,023.02	131,627.79	781.55	917.31	1,597.68	150,139.20
Additions during the year	9.55	-	254.90	5,941.96	5.18	71.99	42.98	6,326.56
Disposals/Discard	-	-	(7.07)	(20.84)	-	(51.89)	-	(79.80)
Other adjustments :								
- Exchange differences	-	-	-	399.79	-	-	-	399.79
- Exchange translation adjustments	-	11.95	163.83	182.47	2.18	3.46	4.45	368.34
Balance as at 31 March 2015	3,600.94	612.41	11,434.68	138,131.17	788.91	940.87	1,645.11	157,154.09
Additions during the year	-	-	10.60	358.59	3.49	46.87	26.83	**446.38**
Disposals/Discard	-	-	-	(8.14)	-	(65.17)	-	**(73.31)**
Other adjustments :								
- Exchange differences	-	-	-	1,262.98	-	-	-	**1,262.98**
- Exchange translation adjustments	-	6.74	92.34	102.70	1.23	1.95	2.53	**207.49**
Balance as at 31 March 2016	3600.94	619.15	11,537.62	139,847.30	793.63	924.52	1,674.47	158,997.63
Depreciation								
Balance as at 31 March 2014	-	27.47	1,697.90	24,671.19	242.75	471.97	931.97	28,043.25
Depreciation for the year	-	6.58	358.81	5,190.82	108.80	107.30	509.64	6,281.95
Accumulated depreciation on disposals/discard	-	-	(0.66)	(3.41)	-	(40.93)	-	(45.00)
Exchange translation adjustments	-	1.24	15.26	26.73	0.43	0.92	2.99	47.57
Balance as at 31 March 2015	-	35.29	2,071.31	29,885.33	351.98	539.26	1,444.60	34,327.77
Depreciation for the year	-	6.78	363.33	6,062.30	82.96	98.02	91.35	**6,704.74**
Accumulated depreciation on disposals/discard	-	-	-	(0.21)	-	(57.84)	-	**(58.05)**
Exchange translation adjustments	-	0.85	11.61	18.91	0.38	0.77	2.38	**34.90**
Balance as at 31 March 2016	-	42.92	2,446.25	35,966.33	435.32	580.21	1,538.33	41,009.36
Net Block								
As at 31 March 2015	3,600.94	577.12	9,363.37	108,245.84	436.93	401.61	200.51	122,826.32
As at 31 March 2016	3,600.94	576.23	9,091.37	103,880.97	358.31	344.31	136.14	117,988.27

Note : During the previous year, the Group in compliance with Schedule II to the Companies Act, 2013 ('the Act'), had reassessed the estimate useful lives of the fixed assets and made necessary changes with effect from 1 April 2014. As a consequence of this change, depreciation charge for the previous year was lower by ₹1,466.80 lakhs. Further, based on transitional provision provided in note 7 (b) of Schedule II to the Act, depreciation amount of ₹238.82 lakhs (net of deferred tax ₹125.51 lakhs) had been adjusted against retained earnings in the previous year.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 12(b) - Intangible Assets

Amount in ₹ Lakhs

	Computer software	Total
Gross Block		
Balance as at 31 March 2014	0.48	0.48
Additions	-	-
Disposals	-	-
Balance as at 31 March 2015	0.48	0.48
Additions	-	-
Disposals	-	-
Balance as at 31 March 2016	0.48	0.48
Amortisation		
Balance as at 31 March 2014	0.48	0.48
Amortisation for the year	-	-
Accumulated amortisation on disposals	-	-
Balance as at 31 March 2015	0.48	0.48
Amortisation for the year	-	-
Accumulated amortisation on disposals	-	-
Balance as at 31 March 2016	0.48	0.48
Net Block		
As at 31 March 2015	-	-
As at 31 March 2016	-	-

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 13 - Capital work-in-progress		
At the beginning of the year	1,412.30	5,926.87
Incurred during the year	2,111.38	1,486.15
Capitalised during the year	(394.31)	(6,015.11)
Foreign currency translation impact on movement in capital work-in-progress	8.64	14.39
At the end of the year	3,138.01	1,412.30

Capital work-in-progress includes:

Expenditure during construction period on substantial expansion / new industrial units of the Group, given below:

	31 March 2016	31 March 2015
Opening Balance	109.10	503.25
Incurred during the year		
Employee benefits expense	16.51	2.39
Power and fuel	-	7.45
Rates and taxes	0.26	2.69
Repairs and maintenance	3.55	-
Insurance	0.06	-
Finance cost		
Interest expense	-	0.53
Other borrowing costs	0.02	0.06
Rent	3.87	0.73
Miscellaneous expenses *	65.47	10.73
	89.74	24.58
Less:		
Capitalised during the year	-	418.73
	-	418.73
Closing balance	198.84	109.10

* Includes consultancy charges, inspection charges, testing charges, etc.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	Number of units as at 31 March 2016	Number of units as at 31 March 2015	31 March 2016	31 March 2015
Note 14 - Non-current investments				
(Valued at cost)				
Other non-current investments:				
Quoted investments				
Investment in Equity Instruments (fully paid up)				
ACC Limited (face value - ₹10 each)	**1,275**	1,275	**1.95**	1.95
Himadri Credit & Finance Limited (face value - ₹10 each)	**334,900**	334,900	**33.49**	33.49
New Delhi Television Limited (face value - ₹4 each)	**1,400**	1,400	**0.98**	0.98
Transchem Limited (face value - ₹10 each)	**8,000**	8,000	**2.40**	2.40
			38.82	38.82
Unquoted investments				
Investment in Equity Instruments (fully paid up)				
Himadri Dyes & Intermediates Limited (face value - ₹10 each)	**720,000**	720,000	**72.00**	72.00
Himadri e-Carbon Limited (face value - ₹10 each)	**17,000**	17,000	**1.70**	1.70
Himadri Industries Limited (face value - ₹10 each)	**493,300**	493,300	**84.50**	84.50
			158.20	158.20
Investment in Government securities (unquoted)				
Kisan Vikas Patra (Deposited with sales tax authorities)			**0.07**	0.07
			0.07	0.07
			197.09	197.09

The aggregate book value of unquoted non-current investments and book value and market value of quoted non-current investments are as follows:

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Aggregate book value of unquoted non-current investments	**158.27**	158.27
Quoted non-current investments		
Aggregate book value	**38.82**	38.82
Aggregate market value	**53.98**	56.76
[includes **₹33.49 lakhs** (previous year ₹33.49 lakhs) where cost has been considered as market value in absence of availability of market quote]		

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 15 - Long-term loans and advances		
(Unsecured, considered good)		
To parties other than related parties		
Capital advances	**424.02**	1,301.70
Security and other deposits	**4,772.83**	4,284.15
Deposit against demand in dispute	**305.47**	158.81
MAT credit entitlement#	**5,208.57**	5,208.57
Advance income tax	**409.72**	362.22
[net of provision for income tax ₹**4,725.98 lakhs** (previous year ₹4,731.29 lakhs)]		
	11,120.61	11,315.45

The Group has carried forward MAT credit entitlment, having regard to the trend of profitability and furture projections. Management is of the opinion that the Group will pay normal tax during the period for which the MAT credit can be carried forward for setoff against the normal tax liability.

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 16 - Other non-current assets		
(Unsecured, considered good)		
Trade receivables [refer note 19 and 33 (a)]	**798.10**	798.10
Bank deposits due to mature after 12 months of the reporting date (refer note 20)	**1.80**	40.03
Interest accrued on fixed deposits	**0.65**	1.62
	800.55	839.75

Amount in ₹ Lakhs

	Number of units as at 31 March 2016	Number of units as at 31 March 2015	31 March 2016	31 March 2015
Note 17 - Current Investments				
Investments in Mutual funds (valued at the lower of cost and fair value)				
Mutual funds - quoted				
UTI Banking & PSU Debt Fund - Direct Plan - Growth	**17,273,999**	-	**2,100.00**	-
UTI Short term Income Fund - Institutional option - Growth Plan	-	14,935,564	-	2,100.00
			2,100.00	2,100.00
Quoted current investments				
Aggregate book value			**2,100.00**	2,100.00
Aggregate market value			**2,100.00**	2,512.71

Investments amounting to ₹**2,100.00 lakhs** (previous year ₹2,100.00 lakhs) are pledged with banks against various credit facilities availed by the Group.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 18 - Inventories		
(Valued at the lower of cost and net realisable value)		
Raw materials [including goods-in-transit ₹**79.80 lakhs** (previous year ₹2,096.41 lakhs)]	**7,172.13**	6,464.91
Work-in-progress	**8,726.72**	8,980.44
Finished goods	**13,958.42**	19,248.10
Packing materials	**142.36**	155.43
Stores and spares [including goods-in-transit ₹**21.75 lakhs** (previous year Nil)]	**1,962.51**	1,904.58
	31,962.14	36,753.46

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 19 - Trade receivables		
Receivables outstanding for a period exceeding six months from the date they became due for payment		
Unsecured, Considered good	**1,113.57**	1,466.27
Less: Non current portion disclosed under 'Other non-current assets' (refer note 16)	**798.10**	798.10
	315.47	668.17
Considered doubtful	**417.01**	545.81
Less: Provision for doubtful debts	**417.01**	545.81
	-	-
Other receivables		
Unsecured, Considered good	**20,075.63**	31,457.55
	20,391.10	32,125.72

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 20 - Cash and cash equivalents		
Cash and cash equivalents		
Cash on hand	**29.65**	33.73
Balances with banks		
On current accounts	**1,587.00**	855.96
On EEFC accounts	**447.48**	0.01
On deposit accounts (with original maturity of 3 months or less)	**902.82**	849.31
	2,966.95	1,739.01
Other bank balances		
Bank deposits due to mature within 12 months of the reporting date	**1,659.58**	2,346.39
Fixed deposits held as margin money	**0.27**	0.27
Unpaid dividend accounts	**33.22**	47.35
	1,693.07	2,394.01
	4,660.02	4,133.02

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 20 - Cash and cash equivalents *(continued)*		
Details of balance with banks on deposit accounts ^		
Deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	**902.82**	849.31
Deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	**1,659.58**	2,346.39
Deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 16)"	**1.80**	40.03
	2,564.20	3,235.73

^ Bank deposits aggregating **₹2,564.20 lakhs** (previous year ₹3,235.73 lakhs) have been pledged with the banks against various credit facilities availed by the Group.

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 21 - Short-term loans and advances		
(Unsecured, considered good unless otherwise stated)		
To parties other than related parties		
Advances for supplies [refer note 33 (b)]	**8,030.98**	8,384.28
Advance to employees	**93.24**	97.01
Other advances $	**240.39**	459.64
Balance with excise authorities	**1,233.29**	2,689.76
Sales tax deposit and VAT receivable	**486.52**	536.79
Income tax refundable	**3.08**	3.08
Security and other deposits	**73.97**	61.47
	10,161.47	12,232.03
Advances for supplies (considered doubtful)	**46.76**	46.76
Less: Provision for doubtful advances	**46.76**	46.76
	-	-
	10,161.47	12,232.03

$ Includes prepaid expenses and advance for expenses.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 22 - Other current assets		
(Unsecured, considered good)		
To parties other than related parties		
Interest accrued on fixed deposits	**69.72**	102.75
Export incentive receivable	**50.56**	28.70
Insurance claim receivable	**162.66**	99.82
Receivable against redemption of mutual funds	**613.30**	-
Other receivables	**4.01**	38.89
	900.25	270.16

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 23 - Revenue from operations		
Sale of products		
Carbon materials and chemicals	**130,382.83**	160,835.16
Power	**1,771.86**	573.05
Sale of products (gross)	**132,154.69**	161,408.21
Less: Excise duty	**13,894.24**	17,777.72
Sale of products (net)	**118,260.45**	143,630.49
Other operating revenue		
Job work charges	**22.59**	139.26
Export incentives	**60.33**	28.70
	82.92	167.96
	118,343.37	143,798.45

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 24 - Other income		
Interest on fixed deposits with banks	**256.15**	227.16
Interest on others	**4.54**	33.65
Dividend income		
- Long-term investments	**0.38**	0.43
Profit on sale of investments		
- Current investments: mutual funds	**613.30**	883.69
Insurance and other claims	**71.42**	43.72
Miscellaneous income	**88.05**	120.40
	1,033.84	1,309.05

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 25 - Cost of materials consumed		
Inventory of raw materials at the beginning of the year	6,464.91	14,573.33
Purchases	79,651.37	107,447.66
	86,116.28	122,020.99
Less: Inventory of raw materials at the end of the year	7,172.13	6,464.91
Foreign currency translation impact on movement in raw materials	4.28	18.65
	78,948.43	115,574.73
Details of raw materials consumed		
Coal tar / Coal tar based chemicals, Pitch	75,630.12	108,940.36
Other chemicals	3,318.31	6,634.37
	78,948.43	115,574.73

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 26 - Changes in inventories of finished goods and work-in-progress		
Opening stock		
Finished goods	19,248.10	7,234.79
Work-in-progress	8,980.44	15,128.90
	28,228.54	22,363.69
Closing stock		
Finished goods	13,958.42	19,248.10
Work-in-progress	8,726.72	8,980.44
	22,685.14	28,228.54
Foreign currency translation impact on movement in finished goods and work-in-progress	9.48	21.88
	5,552.88	(5,842.97)

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 27 - Employee benefits expense		
Salaries, wages and bonus @	2,729.63	2,747.28
Contribution to provident and other funds	157.05	180.30
Gratuity (refer note 34)	40.44	41.75
Staff welfare expenses	275.05	289.74
	3,202.17	3,259.07

@ includes **₹239.74 lakhs** (previous year ₹224.43 lakhs) relating to outsource manpower cost

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 28 - Finance costs		
Interest expense	8,305.20	7,745.69
Amortisation of discount on Deep Discount Debentures	379.99	632.97
Other borrowing costs	480.21	596.44
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	1,168.65	1,287.92
	10,334.05	10,263.02

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 29 - Other expenses		
Consumption of stores and spare parts	418.79	422.73
Power and fuel *	782.36	1,186.77
Excise duty related to increase/ (decrease) in inventory of finished goods	(761.66)	1,953.32
Rent	288.03	230.49
Rates and taxes	393.63	1,364.33
Repairs to:		
Building *	62.40	101.25
Plant and machinery *	1,136.09	1,411.90
Others *	326.15	339.89
Payment to auditors	58.45	60.37
Rebates and discounts	134.70	58.84
Insurance	228.34	232.64
Packing expenses	1,341.37	1,347.96
Freight and forwarding expenses	6,502.70	5,152.08
Commission on sales	953.59	828.53
Miscellaneous expenses	2,733.44	3,010.83
	14,598.38	17,701.93
* includes stores and spares consumed.	1,042.90	1,227.75

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Amount in ₹ Lakhs

		31 March 2016	31 March 2015
Note 30 - Earnings/(Loss) per share (EPS)			
(Loss) attributable to Equity Shareholders (₹ in lakhs) (used as numerator for calculating Basic EPS)	(a)	**(1,623.71)**	(1,243.01)
Add: Interest on FCCB (net of tax)	(b)	**-**	126.33
(Loss) adjusted for the effects of dilutive potential equity shares for calculation of diluted EPS (₹ in lakhs)	(c) = (a) + (b)	**(1,623.71)**	(1,116.68)
Weighted average number of equity shares (used as denominator for calculating Basic EPS)	(d)	**386,359,220**	385,732,570
Add: Effect of potential equity shares to be issued under FCCB	(e)	**-**	14,564,101
Weighted average number of equity shares (used as denominator for calculating Diluted EPS)	(f) = (d) + (e)	**386,359,220**	400,296,671
Basic EPS of ₹1 each	(g) = (a) / (d)	**(0.42)**	(0.32)
Diluted EPS of ₹1 each *	(h) = (c) / (f)	**(0.42)**	(0.32)

* For the purpose of computation of dilutive EPS for the previous year ended 31 March 2015, potential equity shares that could arise on conversion of FCCB were not resulting in dilution of EPS. Hence, they had been considered as anti-dilutive. These FCCB have not been considered in the current year, for the purpose of calculation of EPS, since the FCCB holder had intimated the Group not to exercise its option to convert but to redeem the same on the due date [refer note 5 (A) (i) (e)].

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Note 31 - Contingent liabilities and commitments *(to the extent not provided for)*		
a) **Contingent Liabilities:**		
(i) Sales tax matters in dispute/ under appeal	**3,480.60**	3,319.73
(ii) Excise/ Service Tax matters in dispute/under appeal	**1,409.53**	535.29
(iii) Customs matters in dispute/ under appeal	**28.83**	28.83
(iv) Entry Tax in dispute/ under appeal - West Bengal (refer note c below)	**2,814.09**	2,244.53
(v) Entry Tax in dispute/ under appeal - Chhattisgarh	**353.25**	343.05
(vi) Income Tax in dispute/ under appeal	**633.81**	59.54

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
b) **Commitments:**		
i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**291.19**	1,332.82
ii) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG)	**0.47**	1,333.65

c) The Holding Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challanged the constitutional validity of Entry Tax levied by the Government of West Bengal. The Hon'ble High Court of Calcutta during the earlier year, passed an order on 24 June 2013 declaring The West Bengal tax on Entry of Goods into Local Areas Act, 2012 as unconstitutional against which the government filed an appeal which is still pending to be disposed off. In the opinion of the management, there is a strong merit of the case; hence the Holding Company has not made provision for entry tax liability in the books for the current year and during the earlier years.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 32 - Amounts receivable / payable in foreign currency

(a) The Group enters into various forms of derivative instruments such as foreign exchange forward contracts, options, cross currency swaps and interest rate swaps to hedge its exposure to movements in foreign exchange and interest rates.

(b) The Group does not enter into any derivative instruments for trading or speculation purpose. Forward contracts / hedging instruments outstanding as at balance sheet date:

Nature and number of Contract	Currency Pair	Position	Amount (Foreign currency in lakhs) 31 March 2016	31 March 2015
Forward contracts [**3**, (previous year 5)]	USD/INR	Buy	**62.44**	300.00
Cross currency swaps [**4**, (previous year 8)]	USD/INR	Sell	**213.54**	434.50
Cross currency swaps [**1**, (previous year 1)]	USD/JPY	Sell	**3,875.00**	4,736.11
Interest rate swaps [**3**, (previous year 3)]	USD/INR	Notional Principal	**246.12**	246.12
Interest rate swaps [**4**, (previous year 4)]	USD-Floating to Fixed	Notional Principal	**116.25**	191.25
Interest rate swaps [**1**, (previous year 1)]	JPY/INR	Notional Principal	**4,733.69**	4,733.69

(c) All derivative contracts outstanding as at the year end are marked to market. The Group has applied the hedge accounting principles as set out in the Accounting Standard (AS) 30 Financial Instruments: Recognition and Measurement as issued by The Institute of Chartered Accountants of India.

Accordingly, net exchange fluctuation loss aggregating to **₹2,511.28 lakhs** (previous year ₹3,925.75 lakhs), being the effective portion of the contracts designated as effective hedge for future cash flows has been recognised in the Hedging Reserve to be ultimately recognised in the Consolidated Statement of Profit and Loss, depending on the exchange rate fluctuation until the underlying forecasted transactions occurs or the contract gets settled.

Gain/(loss) on contracts not designated as effective hedge and ineffective portion of the contracts designated as effective hedge are included in foreign exchange fluctuation account in the Consolidated Statement of Profit and Loss, after adjustment of periodic premium received on cross currency/ interest rate swaps.

(d) **Particulars of unhedged foreign currency exposure:**

Particulars	Currency	31 March 2016 Amount (in original currency, lakhs)	31 March 2016 Amount (₹ in lakhs)	31 March 2015 Amount (in original currency, lakhs)	31 March 2015 Amount (₹ in lakhs)
a) Amounts payable in foreign currency	USD	**445.16**	**29,529.26**	468.03	29,294.40
b) Amounts payable in foreign currency	JPY	**3,883.77**	**2,293.76**	4,746.83	2,473.57
c) Amounts receivable in foreign currency	USD	**55.95**	**3,711.34**	91.10	5,703.09

Note 33

(a) Trade receivables include an amount of **₹798.10 lakhs** (previous year ₹798.10 lakhs) due from a customer which is currently under arbitration. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Group.

(b) Short-term loans and advances includes under the head "Advance for supplies" **₹833.93 lakhs** (previous year ₹833.93 lakhs) as advance against supply of raw materials which is currently under arbitration. Based on the merits of the case, the management believes that the outcome of the said proceedings would be in favour of the Group.

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 34 - Employee benefits: Post employment benefit plans

1. Defined contribution plans

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and Superannuation Fund, which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the Consolidated Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund and Superannuation fund for the year aggregates to **₹88.00 lakhs** (previous year ₹93.44 lakhs) and **₹28.20 lakhs** (previous year ₹30.90 lakhs) respectively.

2. Defined benefit plans

The following table summarises the position of assets and obligations relating to the gratuity plan:

Amount in ₹ Lakhs

	31 March 2016	31 March 2015
Net Asset / (liability) recognised in Consolidated Balance Sheet as at the year end		
Fair value of plan assets	102.92	87.02
Present value of obligations	178.35	143.93
Asset/ (liability) recognised in balance sheet	(75.43)	(56.91)
Classification into current/ non-current		
Current portion	50.92	56.91
Non-current portion	24.51	-
Movement in present value of defined benefit obligations		
Defined benefit obligation at 1 April	143.93	103.00
Current service cost	31.18	24.18
Interest cost	10.94	7.91
Actuarial (gains) / losses	6.58	17.12
Benefits paid by the plan	(14.28)	(8.28)
Defined benefit obligation at 31 March	178.35	143.93
Movement in fair value of plan assets		
Fair value of plan assets at 1 April	87.02	84.38
Contributions paid into the plan	21.91	3.46
Benefits paid by the plan	(14.28)	(8.28)
Expected return on plan assets	7.40	7.59
Actuarial (losses) / gains	0.87	(0.13)
Fair value of plan assets at 31 March	102.92	87.02
Composition of plan assets		
Qualifying insurance policies	100%	100%
Expense recognised in the Consolidated Statement of Profit and Loss		
Current service cost	31.18	24.18
Interest on obligation	10.94	7.91
Expected return on plan assets	(7.40)	(7.59)
Net actuarial (gain)/ loss recognised in the year	5.72	17.25
Total included in 'Employee benefits expense' (refer note 27)	40.44	41.75
Actual return on plan assets		
Expected return on plan assets	7.40	7.59
Actuarial gain/(loss) on plan assets	0.87	(0.13)
Actual return on plan assets	8.27	7.46
Principal actuarial assumptions		
Discount rate as at 31 March	8.00%	8.00%
Expected return on plan assets as at 1 April	8.50%	9.00%
Salary growth rate	6.00%	6.00%

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 34 - Employee benefits: Post employment benefit plans *(contd.)*

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Discount rate is based on the prevailing market yield of Indian Government securities as at the year end for the estimated term of the obligation.

Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

Five-year information

Amounts for the current and previous four periods are as follows:

Amount in ₹ Lakhs

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Gratuity					
Present Value of defined benefit obligation	**178.35**	143.93	103.00	85.63	53.92
Fair value of plan assets	**102.92**	87.02	84.38	69.55	44.37
Surplus / (deficit) in the plan	**(75.43)**	(56.91)	(18.62)	(16.08)	(9.55)
Experience adjustments arising on plan liabilities [(gain)/ loss]	**6.58**	(2.51)	(3.55)	19.42	10.42
Experience adjustments arising on plan assets [gain/ (loss)]	**1.31**	(0.35)	(0.98)	0.61	-

Proposed contribution for next year

The Group expects to pay ₹**50.92 lakhs** as contribution to its defined benefit plan in the next year (previous year ₹62.84 lakhs).

Note 35 - Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures

(i) **Names of the related parties with whom transactions have taken place during the year**

(a) **Key Managerial Personnel**

Mr. Bankey Lal Choudhary, Managing Director
Mr. Shyam Sundar Choudhary, Executive Director
Mr. Vijay Kumar Choudhary, Executive Director
Mr. Anurag Choudhary, Chief Executive Officer
Mr. Amit Choudhary, President - Projects
Mr. Tushar Choudhary, President - Operations

(b) **Relatives of Key Managerial Personnel**

Mr. Damodar Prasad Choudhary, Chairman Emeritus
Mrs. Sushila Devi Choudhary, wife of Mr.Damodar Prasad Choudhary
Mrs. Sheela Devi Choudhary, wife of Mr.Shyam Sundar Choudhary
Mrs. Saroj Devi Choudhary, wife of Mr.Bankey Lal Choudhary
Mrs. Kanta Devi Choudhary, wife of Mr.Vijay Kumar Choudhary

(c) **Enterprises owned or significantly influenced by the Key Managerial Personnel or their relatives**

Himadri Credit & Finance Limited
Himadri Coke & Petro Limited
Himadri Industries Limited
Sri Agro Himghar Limited
Himadri e-Carbon Limited

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 35 - Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures *(contd.)*

(d) Associates

BC India Investments

Himadri Dyes & Intermediates Limited

(ii) Details of transactions with related parties

Amount in ₹ Lakhs

Particulars	31 March 2016	31 March 2015
Conversion of Deep Discount Debentures into Equity shares (including Securities premium of ₹5,881.55 lakhs) [refer note 5 (A) (i) (a)]		
Himadri Coke & Petro Limited	6,208.30	-
Salaries/ Managerial Remuneration		
Mr. Bankey Lal Choudhary	60.68	42.41
Mr. Shyam Sundar Choudhary	60.68	43.60
Mr. Vijay Kumar Choudhary	60.00	40.14
Mr. Anurag Choudhary	73.80	40.95
Mr. Amit Choudhary	73.80	40.95
Mr. Tushar Choudhary	73.80	40.95
Amortisation of Discount on Deep Discount Debentures		
Himadri Coke & Petro Limited	379.99	632.97
Rent paid		
Himadri Dyes & Intermediates Limited	0.07	0.07
Himadri Industries Limited	0.07	0.07
Sri Agro Himghar Limited	0.04	0.04
Dividend paid		
BC India Investments	-	103.18
Himadri Dyes & Intermediates Limited	-	98.28
Himadri Industries Limited	-	46.14
Himadri Credit & Finance Limited	-	9.49
Himadri Coke & Petro Limited	-	5.50
Mr. Vijay Kumar Choudhary	-	3.27
Mr. Shyam Sundar Choudhary	-	3.23
Mr. Bankey Lal Choudhary	-	1.48
Mr. Damodar Prasad Choudhary	-	1.48
Mrs.Sushila Devi Choudhary	-	0.85
Mrs.Sheela Devi Choudhary	-	0.76
Mrs.Saroj Devi Choudhary	-	0.82
Mrs.Kanta Devi Choudhary	-	0.82

(iii) Balances at the year end

Amount in ₹ Lakhs

Particulars	31 March 2016	31 March 2015
Investment held		
Himadri Credit & Finance Limited	33.49	33.49
Himadri Dyes & Intermediates Limited	72.00	72.00
Himadri Industries Limited	84.50	84.50
Himadri e-Carbon Limited	1.70	1.70
Deep Discount Debentures		
Himadri Coke & Petro Limited	-	5,828.31

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 36 - Segment disclosure

Segment information in accordance with Accounting Standard 17.

a. Determination of segment information is based on the organisational and management structure of the Group and its internal financial reporting system. The Group business segments namely "Carbon materials and chemicals" and "Power" have been considered as primary segments for reporting format. Segment revenue, results, assets and liabilities include the respective amounts that are directly attributable to or can be allocated on a reasonable basis to each of the segments. Revenue, expenses, assets and liabilities which relate to the enterprise as a whole and are neither attributable to nor can be allocated on a reasonable basis to each of the segments, have been disclosed as unallocable. Inter-segment revenue of Power has been recognized at price at which the same is sold to external customer.

b. In respect of secondary segment information, the Group has identified its geographical segment as (i) Within India and (ii) Outside India. The secondary segment information has been disclosed accordingly.

Information about business segment: Amount in ₹ Lakhs

Particulars	Carbon materials and chemicals		Power		Elimination		Total	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Revenue - net of excise duty								
External sales	116,571.51	143,225.40	1,771.86	573.05	-	-	118,343.37	143,798.45
Inter-segment sales	-	-	1,579.66	969.66	1,579.66	969.66	-	-
Total Revenue	116,571.51	143,225.40	3,351.52	1,542.71	1,579.66	969.66	118,343.37	143,798.45
Results								
Segment Result	6,553.71	6,228.06	2,783.06	960.01	-	-	9,336.77	7,188.07
Unallocated corporate income/ (expenditure) (net)							1,362.81	(366.26)
Operating profit							7,973.96	7,554.33
Interest income							(260.69)	(260.81)
Interest expenses							10,334.05	10,263.02
Profit before tax							(2,099.40)	(2,447.88)
Current tax expense							(5.31)	64.10
Deferred tax charge/(credit)							(438.01)	(1,260.52)
Profit after tax (before adjustment for minority interest)							(1,656.08)	(1,251.46)
Share of Profit/(loss) transferred to minority interest							(32.37)	(8.45)
Profit after tax (after adjustment for minority interest)							(1,623.71)	(1,243.01)
Other information:								
Segment assets	184,339.63	206,318.22	5,812.00	5,700.00	-	-	190,151.63	212,018.22
Unallocable corporate assets							13,267.88	12,187.08
Total assets	184,339.63	206,318.22	5,812.00	5,700.00	-	-	203,419.51	224,205.30
Segment liabilities	15,732.33	15,402.44	23.66	49.67	-	-	15,755.99	15,452.11
Unallocable corporate liabilities							102,975.30	129,870.34
Total liabilities	15,732.33	15,402.44	23.66	49.67	-	-	118,731.29	145,322.45
Capital expenditure during the year	2,759.31	2,823.84	5.57	262.36	-	-	2,764.88	3,086.20
Depreciation and amortisation	6,486.57	5,700.91	218.17	216.71	-	-	6,704.74	5,917.62
Non cash expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-

Secondary segment information (geographical segment): Amount in ₹ Lakhs

Particulars	Within India		Outside India		Total	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
External revenue by location of customers	102,890.57	126,115.81	15,452.80	17,682.64	118,343.37	143,798.45
Carrying amount of segment assets by location of assets	187,760.69	208,298.13	15,658.82	15,907.17	203,419.51	224,205.30
Cost incurred on acquisition of tangible and intangible fixed assets	2,544.57	2,656.63	220.31	429.57	2,764.88	3,086.20

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 37

In accordance with Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets', the Group as a prudent measure had made provisions in the earlier year amounting to ₹78.42 lakhs representing estimates made mainly for probable claims arising out of disputes pending with the sales tax authorities. The probability and timing of the outflow with regard to these matters depend upon the ultimate settlement with the relevant authorities. The carrying amount at the beginning of the year was ₹78.42 lakhs, provision of **Nil** made during the year and the closing amount is **₹78.42 lakhs** is carried forward at the end of the year and neither the amount has been used nor the used amount reversed during the year under audit.

Note 38 - Operating lease

a) The Group has taken various commercial premises and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry. Lease payments recognised in Consolidated Statement of Profit and Loss with respect to operating leases – **₹218.31 lakhs** (previous year ₹153.05 lakhs) included under Rent under 'Other expenses' (refer note 29).

b) The Group has taken a commercial premise under non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

Amount in ₹ Lakhs

Particulars	Minimum Lease Payments	
	31 March 2016	31 March 2015
Not later than one year	**1.92**	26.40
Later than one year and not later than five years	**7.68**	-
Later than five years	**18.88**	-

Note 39 - Research and development expenses

Research and development expenses aggregating to **₹238.20 lakhs** (previous year ₹239.92 lakhs) in the nature of revenue expenditure and **Nil** (previous year Nil) in the nature of capital expenditure have been included under the relevant account heads.

Note 40

Total expenditure incurred on Corporate Social Responsibilty activities during the year ended 31 March 2016 is **₹24.16 lakhs** (previous year ₹27.99 lakhs). This expenditure has been included under miscellaneous expenses under 'Other expenses' (refer note 29).

Details of CSR expenditure during the financial year:

(a) Gross amount required to be spent by the Group during the year: Nil

(b) Amount spent during the year on:

Amount in ₹ Lakhs

Particulars	Amount (in cash)	Amount (yet to be paid in cash)	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above			
- Eradicating Hunger, poverty and malnutrition	11.85	-	11.85
- Education and promoting education	7.00	-	7.00
- Promoting health care including preventive health care	5.31	-	5.31
Total	**24.16**	-	**24.16**

Notes to consolidated financial statements for the year ended 31 March 2016 *(continued)*

Note 41 - Disclosure of additional information, as required under Schedule III of Companies Act, 2013, pertaining to holding and subsidaries company.

Name of the Enterprise	Net Assets i.e total assets minus total liabilities		Share in Profit or Loss	
	As % of consolidated net assets	Amount in ₹ lakhs	As % of consolidated profit or loss	Amount in ₹ lakhs
Holding				
Himadri Chemicals & Industries Limited	93.81%	79,444.26	72.92%	(1,207.60)
Subsidiaries				
Indian				
Equal Commodeal Private Limited	0.03%	21.26	0.80%	(13.16)
Foreign				
1. AAT Global Limited, Hong Kong	(2.65%)	(2,241.88)	(11.19%)	185.26
2. Shandong Dawn Himadri Chemical Industry Limited, China	8.81%	7,464.58	35.52%	(588.21)
Minority interest in all subsidiaries	-	-	1.95%	(32.37)

Note 42

Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year's classification/ disclosure.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number.: 101248W/W-100022

Sd/-
Jayanta Mukhopadhyay
Partner
Membership No. 055757

For **S. JAYKISHAN**
Chartered Accountants
Firm's Registration Number.: 309005E

Sd/-
B. K. Newatia
Partner
Membership No. 050251

Place: Kolkata
Date: 23 May 2016

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

Form AOC-1

Statement containing salient features of the Financial Statements of Subsidiaries as per Companies Act, 2013

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part"A": Subsidiaries

Amount in ₹ Lakhs

S.No.	1	2		3	
Name of the Subsidiary Company	Equal Commodeal Private Limited, India	AAT Global Limited, Hongkong		Shandong Dawn Himadri Chemical Industry Limited, China	
Financial year ending on	31 March 2016	31 March 2016		31 March 2016	
Reporting Currency	INR	INR	HKD	INR	RMB
Share Capital	1.00	6,037.85	707.84	4,826.90	470.00
Reserves & Surplus	157.67	(493.86)	(57.90)	(4,910.72)	(478.16)
Total Assets	8,751.14	13,667.24	1,602.26	10,816.80	1,053.24
Total Liabilities	8,592.47	8,123.25	952.32	10,900.62	1,061.40
Investments	5,244.64	4,608.52	540.27	-	-
Turnover / Total Income	146.76	3,924.32	467.57	3,412.20	336.18
Profit/(Loss) Before Taxation	(13.16)	185.26	(6.09)	(620.58)	(61.14)
Provision for Taxation	-	-	-	-	-
Profit/(Loss) After Taxation	(13.16)	185.26	(6.09)	(620.58)	(61.14)
Proposed Dividend	-	-	-	-	-
% of Shareholding	100%		100%		94%

For and on behalf of the Board of Directors of
Himadri Chemicals & Industries Limited
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

Sd/-
Shyam Sundar Choudhary
Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 23 May 2016

CORPORATE INFORMATION

Chairman Emeritus
Mr. Damodar Prasad Choudhary

Board of Directors
Mr. Pavninder Singh (DIN: 03048302)
– *Nominee of BC India Investments*

Mrs. Rita Bhattacharya (DIN: 03157199)
– *Nominee of LIC of India*

Mr. Shyam Sundar Choudhary
(DIN: 00173732)
– *Executive Director*

Mr. Bankey Lal Choudhary
(DIN: 00173792)
– *Managing Director*

Mr. Vijay Kumar Choudhary
(DIN: 00173858)
– *Executive Director*

Mr. Sakti Kumar Banerjee
(DIN: 00631772)
– *Non-Executive Independent Director*

Mr. Hardip Singh Mann
(DIN: 00104948)
– *Non-Executive Independent Director*

Mr. Santimoy Dey
(DIN: 06875452)
– *Non-Executive Independent Director*

Mr. Hanuman Mal Choraria
(DIN: 00018375)
– *Non-Executive Independent Director*

Senior Management Team
Mr. Anurag Choudhary
– *Chief Executive Officer*

Mr. Amit Choudhary
– *President, Projects*

Mr. Tushar Choudhary
– *President, Operations*

Mr. Kamlesh Kumar Agarwal
– *Chief Financial Officer*

Bankers
State Bank of India
Axis Bank Limited
Central Bank of India
Citi Bank, N.A.
DBS Bank Limited
ICICI Bank Limited
IndusInd Bank Limited
The Hongkong & Shanghai Banking Corporation Limited
Union Bank of India
Yes Bank Limited
IDBI Bank Limited

Registrar & Share Transfer Agent
M/s. S.K. Infosolutions Pvt. Ltd
34/1A, Sudhir Chatterjee Street
Kolkata 700 006
Tel: (033) 2219 6797/ 4815
E-mail:contact@skcinfo.com/ skcdilip@gmail.com
Website: www.skcinfo.com

Registered Office
23-A, Netaji Subhas Road, Suite No. 15
8th Floor, Kolkata - 700 001
Tele-fax : 91 (033) 22104261/62
E-mail: info@himadri.com
Website: www.himadri.com
CIN: L27106WB1987PLC042756

Corporate Office
8, India Exchange Place, 2nd Floor,
Kolkata – 700 001
Tel: (033) 2230-4363/ 9953
Fax: 91-033- 2230-9051

Joint Auditors
M/s S. Jaykishan
Chartered Accountants
12 Ho Chi Minh Sarani
Suite No. 2D- 2F, 2nd Floor
Kolkata 700 071

M/s B S R & Co. LLP
Chartered Accountants
Unit No: 603-604, 6th Floor,
Tower –I Godrej Waterside, Sector- V
Salt Lake City, Kolkata- 700 091

Company Secretary & Compliance Officer
Mr. Bajrang Lal Sharma

Solicitors & Advocates
M/s Sandip Agarwal & Co.
10 Old Post Office Street
Gr. Floor, Room No. 10
Kolkata - 700 001

Works
Unit number – I
58 N.S. Road, Liluah, Howrah (W.B.)

Unit number – II
27B Gadadhar Bhatt Road, Liluah, Howrah (W.B.)

Mahistikry plant
Mahistikry, P.S. – Haripal District Hooghly (W.B.)

Visakhapatnam unit
Ancillary Industrial Estate
Visakhapatnam (A.P.)

Korba unit
Jhagrah, Rajgamar Colliery Korba (Chhattisgarh)

Vapi unit
GIDC 1st Phase, Vapi (Gujarat)

Windmills
1. Village Amkhel: Taluka- Sakri, District Dhule, Maharashtra

2. Village Titane, Taluka- Sakri, District Dhule, Maharashtra

Falta SEZ unit
Falta Special Economic Zone
Sector- II, Vill- Simulberia, Falta,
Dist- 24 Pgs (South), West Bengal

China unit
Longkou, Shandong China

Himadri

Himadri Speciality Chemical Ltd

(Formerly known as Himadri Chemicals & Industries Limited) CIN: L27106WB1987PLC042756
Regd. Office: 23A, Netaji Subhas Road, 8th Floor, Suite No. 15, Kolkata – 700 001. India
Corp. Office: 8, India Exchange Place, 2nd Floor, Kolkata – 700 001. India
Tel: 91-33-2230-9953, 2230-4363, Fax: 91-33-2230-9051, Website: www.himadri.com