Himadri

Date: 11 October 2018

To,
The General Manager
Department of Corporate Services,
National Stock Exchange of India Limited
Exchange Plaza Block G, C 1, Bandra Kurla
Complex, Bandra East,
Mumbai – 400 051

Respected Sir/ Madam,

Sub: Application for In-principle approval pursuant to Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] for listing of 40,00,000 equity shares of Re 1-/ each to be issued to employees under "Himadri Employee Stock Option Plan 2016".

We would like to inform you that our shareholders at the 28th Annual General Meeting of the Company held on 24 September 2016, has approved "Himadri Employee Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". In this connection and in terms of regulation 28(1) of the Listing Regulations, we hereby seek your "In-principle approval" for listing of 40,00,000 equity shares issued under "**Himadri Employee Stock Option Plan, 2016**" in accordance with Section 62 (1)(b) and all other applicable provisions if any of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force). The brief particulars of the documents required and fees remitted are enclosed herewith for your kind perusal:

Details of processing fee remitted:

Processing Fee (including GST)	Rs. 2,36,000
TDS, if any	Rs. 4,000
Net amount remitted after TDS	Rs. 2,32,000
UTR No./Cheque/Demand Draft (DD) No.	Cheque : 725191
Dated	11 September 2018
Drawn on	Yes Bank

I/ We hereby confirm that the information provided in the application and enclosures is true and correct.

Thanking you,

Yours faithfully,
For Himadri Speciality Chemical Ltd

Bajrang Lal Sharma
(Company Secretary)
FCS: 8148

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Encl: As stated above

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Sr. No.	List of Documents/ details to be submitted	Yes/No/Not Applicable	Page No From	To
1	Information required in the statement as per Regulation 10(b) of SEBI (SBEB) Regulations, 2014 certified by Merchant Banker	Yes Annexure-1	1	4
2	Certification by Registered Merchant Banker that the Scheme conforms to the SEBI (SBEB) Regulations, 2014.	Yes Annexure -2	4	6
3	Undertakings as per Regulation 10(b) of SEBI (SBEB) Regulations, 2014	Yes Annexure -3	7	7
4	Copy of scheme, certified by the Company Secretary	Yes Annexure -4	8	25
5	Copy of notice of AGM/EGM approving the scheme/for amending the scheme/for approving grants under regulation 6(3) of the SEBI (SBEB) Regulations, 2014, certified by the Company Secretary.	Yes Annexure -5	26	40
6	Copy of resolution of shareholders for approving the scheme/ for amending the scheme/for approving grants under regulation 6(3) of the SEBI (SBEB) Regulations, 2014, certified by the Company Secretary.	Yes Annexure -6	41	47
7	List of Promoters as defined under the SEBI (SBEB) Regulations, 2014.	Yes Annexure -7	48	48
8	Copy of latest annual report	Yes	Annexure -8	
9	Certificate of Auditor on compliance with of the SEBI (Share Based Employee Benefits) Regulations, 2014.	Yes Annexure -9	49	50
10	Specimen copy of share certificate	NOT APPLICABLE		
11	Confirmation from the company secretary that the new shares to be issued will rank pari-passu with existing equity shares in every respect including dividend.	Yes Annexure - 10	51	51
12	If the ESOP/ESPS are allotted through Trust route, kindly provide irrovacable Trust Deed.	Not Applicable		
13	If the ESOP/ESPS are allotted through Trust route, Information required in the statement as per Regulation 3(3) of SEBI (SBEB) Regulations, 2014, with specific reference to the clause of trust deed, certified by Merchant Banker.	Not Applicable		
14	Confirmation from the Company in regard to the following: a) No employee who is a promoter or belongs to the promoter group is eligible to participate in the ESOP/ESPS. b) No director of the company either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company are eligible to participate in the ESOP/ESPS.	Yes Annexure - 11	52	52
15	Confirmation whether options lapsed / forfeited will re-issued or not and the provision/clause of the same in the Scheme.	Yes Annexure - 12	53	53
16	Details of processing fee (Non-Refundable) of Rs.2,00,000/- plus applicable service tax in favor of 'The National Stock Exchange of India Limited'	Yes	Enclosed Cheque no 725191 dated 11/09/2018 drawn on YES Bank of Rs. 2,32,000/-	

Date : 11/10/2018
Place : Kolkata

Himadri Speciality Chemical Ltd
KOLKATA

Bajrang Lal Sharma
Company Secretary
FCS: 8148

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Annexure - 1

Statement to be filed with the Stock Exchange as required under Regulation 10(b) SEBI (Share Based Employee Benefits) Regulations, 2014

Ref: Regulation 10(b) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Information required in the statement to be filed with Stock Exchange- Description of Schemes:

This is in reference to the captioned matter; please find the attached information for your kind perusal:

1	Authorized Share Capital of the Company.	**Rs. 70,00,00,000/-**
2	Issued Share Capital of the Company as on date of Institution of the scheme/ amendment of the scheme.	**Rs. 41,84,07,867/-**
3	Date of institution of the scheme/ amendment of the scheme.	**24 September 2016**
4	Validity period of the scheme.	**5 years**
5	Date of notice of AGM for approving the scheme under Reg. 6(3) of the SEBI (Share Based Employee Benefits) Regulations, 2014.	**11.08.2016**
6	Date of AGM approving the scheme under regulation 6(3) of the SEBI (Share Based Employee Benefits) Regulations, 2014.	**24 September 2016**
7	Kind of benefit granted under the scheme.	Equity shares of the Company having face value of INR 1/share ("**Equity Shares**"). Under the said Himadri Employee Stock Option Plan 2016, options has been granted to the employee as selected by the Nomination and Remuneration Committee in accordance with the Scheme ("**Eligible Employees**") ("**Stock Incentives**"): (a) Employee Stock Option ("**Options**") which will entitle the Eligible Employee to subscribe to the Equity Shares at a predetermined price ("**Exercise Price**") upon fulfilment of certain conditions; (b) Offer to subscribe to the Equity Shares at a predetermined price ("**Subscription Price**") ("**Offer**").
8	Identity of classes of persons eligible under the scheme: a) Permanent employees b) Permanent employees outside India c) Permanent employees of subsidiary d) Permanent employees of holding company e) Permanent employees of associate company	**i.** Permanent employees of the Company **ii.** Director of the Company excluding independent director **iii.** Employees and Directors as mentioned above in point (i) and (ii) of the foreign subsidiaries of the

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	f) Whole-time directors	Company
9	Total number of shares reserved under the scheme, as applicable.	40,00,000 (Forty Lakhs)
10	Number of shares entitled under the grant.	Each Option will entitle the Participant to one Share of the Company
11	Total number of grants to be made	40,00,000 (Forty Lakhs) options within the validity period of the scheme.
12	Maximum number of options to be granted per employee per grant and in aggregate.	The maximum number of Stock Options that may be awarded under the Himadri Employee Stock Option Plan 2016 to an Eligible Employee shall vary depending upon the designation and the appraisal/assessment shall not exceed 5,00,000 (Five Lakhs) in number per eligible employee.
13	Exercise price or pricing formula.	The Exercise Price will be determined by the Nomination and Remuneration Committee in accordance with Himadri Employee Stock Option Plan 2016, at the time of award of the Options and will be detailed in the letter of grant. In any event, the Exercise Price will not be below the par value of the Equity Shares. The Nomination and Remuneration Committee will in accordance with Himadri Employee Stock Option Plan 2016, and Applicable Laws lay down the procedure for making a fair and reasonable adjustment to the number of options to the Exercise Price in case of Corporate Action in accordance with SEBI (SBEB) Regulations,2014 and shall provide necessary procedures and/or mechanism for exercising such options under the ESOP, subject to applicable laws, rules and regulations.
14	Whether any amount payable at the time of grant? If so, quantum of such amount.	**Nil**
15	Lock-in period under the scheme.	The shares arising out of exercise of vested options would not be subject to any lock in period.
16	Vesting period under the scheme.	Options granted under the ESOP would vest after 1 (one) year but not later than 5 (five) years from the date of grant of such options.
17	Maximum periods within which the grant shall be vested.	5 years
18	Exercise period under the scheme.	When the employee is in employment, the exercise period shall be 5 (years)

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		from the date of vesting of options.
19	Whether employee can exercise all the options vested at one time?	**Yes**
20	Whether employee can exercise vested options at various points of time within the exercise period?	**Yes**
21	Whether scheme provides for the procedure for making a fair and reasonable adjustment to the number of options or SARs and to the exercise price in case of rights issues, bonus issues and other corporate actions? Clause in scheme describing such adjustment.	**Yes. Clause 4.2(f) of the Scheme**
22	Description of the appraisal process for determining the eligibility of employees under the scheme.	The Nomination and Remuneration Committee shall determine the eligibility criteria for grant to options to the employees.
23	The specified time period within which vested options or SARs are to be exercised in the event of termination or resignation of an employee.	(a) In case of termination of employment due to resignation or termination other than due to misconduct then exercise period of vested options shall be within 30 days from the date of last working day with the Company and in case of unvested options the same shall stand cancelled. (b) In case of termination of employment due to misconduct, all vested and unvested options shall stand cancelled
24	The specified time period within which options are to be exercised in the event of death of the employee.	In case of termination of employment due to death or permanent disability, then the Vested Options will have to be exercised within 12 months from the date of death and all the unvested options as on date of death shall be deemed to have been vested and may be exercised by the Option Grantee's nominee or legal heir immediately but not later than 12 months from the date of Death.
25	Whether scheme provides for conditions under which options vested in employees may lapse in case of termination of employment for misconduct? Clause in Scheme describing such adjustment.	**Yes in clause 7.2(b)**
26	Whether scheme provides for conditions for the grant, vesting and exercise of options, SARs or benefits in case of employees who are on long leave? Clause in scheme describing such adjustment.	**Yes in clause 6.5**
27	Whether amount paid/payable by the employee at the time of the grant of the options, SARs or benefits will be forfeited if the employee does not exercise the same within the exercise period? Clause in	**N/A as there is no amount payable by the Eligible Employee at the time of award of the Options**

Himadri Speciality Chemical Ltd KOLKATA

	scheme describing such adjustment.	
28	Details of approval of shareholders pursuant to regulation 6(3) of the SEBI (Share Based Employee Benefits) Regulations, 2014 with respect to: a. Grant to employees of subsidiary or holding or associate company. b. Grant to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Special Resolutions for both the items has been approved at the Annual General Meeting of the Company held on 24 September 2016.
29	Details of the variation made to the scheme along with the rationale therefore and the details of the employees who are beneficiary of such variation:	There has been no variation till date to Himadri Employee Stock Option Plan 2016,

For Himadri Speciality Chemical Limited

(Bajrang Lal Sharma)
(Company Secretary)
FCS: 8148

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Himadri Speciality Chemical Ltd

Place: Kolkata
Date:

Annexure - 2

VC CORPORATE ADVISORS PVT LTD.

31, Ganesh Chandra Avenue, 2nd Floor, Suite No. 2C, Kolkata-700 013
Tel. : 033 2225 3940, Fax : 033 2225 3941
CIN - U67120WB2005PTC106051
E-mail : mail@vccorporate.com
Website : www.vccorporate.com

Dated: 09.10.2018 **VCC/10/18/07**

To,
The Company Secretary,
Himadri Speciality Chemical Limited
23A, 8th Floor, Netaji Subhas Road,
Suite No. 15,
Kolkata – 700 001

Dear Sir,

Sub: Proposed Employee Stock Option Plan of Your Company.

With reference to the aforesaid please find enclosed herewith 3 (Three) copies of the Merchant Banker's certificate as required to be submitted to stock exchanges for obtaining the In-principle approval for the Employee Stock Option Plan of the Company.

Kindly acknowledge the receipt of the same.

Yours faithfully,
For VC Corporate Advisors Private Limited

Anup Kumar Sharma
ANUP KUMAR SHARMA
(VICE PRESIDENT)

Encl: Certification by Registered Merchant Banker, pursuant to regulation 12(6) of the SEBI (Share Based Employee Benefits) Regulations, 2014.

VC Corporate Advisors Private Limited * Kolkata

Himadri Speciality Chemical Ltd. * KOLKATA

VC CORPORATE ADVISORS PVT LTD.

31, Ganesh Chandra Avenue, 2nd Floor, Suite No. 2C, Kolkata-700 013
Tel. : 033 2225 3940, Fax : 033 2225 3941
CIN - U67120WB2005PTC106051

E-mail : mail@vccorporate.com
Website : www.vccorporate.com

TO WHOMSOEVER IT MAY CONCERN

Certification by Registered Merchant Banker, pursuant to regulation 12(6) of the SEBI (Share Based Employee Benefits) Regulations, 2014.

"Certified that Employee Stock Option Plan of Himadri Speciality Chemical Limited namely 'Himadri Employee Stock Option Plan 2016' conforms to the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 as amended."

Authorized Signatory

Name of the Merchant Banker: **VC Corporate Advisors Pvt. Ltd.**

SEBI Permanent Registration No.: **INM000011096**

Date: 09.10.2018

VC Corporate Advisors Private Limited Kolkata

Place: Kolkata

Himadri Speciality Chemical Ltd KOLKATA

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Annexure 3

Undertakings as required by, SEBI ESOS & ESPS Regulations, as per the format Annexure II

Application for In-principle approval pursuant to Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] for listing of 40,00,000 equity shares of Re 1-/ each to be issued to employees under "Himadri Employee Stock Option Plan 2016".

This is with reference to the application made by the Company for the In- principle approval for listing of 40,00,000 equity shares issued under **"Himadri Employee Stock Option Plan 2016" ("Plan")**. In this regard, the Company hereby undertakes:

The undersigned Company hereby undertakes:

1 To file, a post-effective amendment to this statement to include any material information with respect to the Plan of distribution not previously disclosed in the statement or any material change to such information in the statement.

2 To notify, the concerned stock exchanges on which the shares of the Company are listed, of each issue of shares pursuant to the exercise of options/subscription to the shares under the Plan mentioned in this statement, in the prescribed form, as amended from time to time.

3 That the Company shall conform to the accounting policies specified in Regulation 15 of the SEBI (Share Based Employee Benefits) Regulations, 2014.

4 That the Plan confirms to the SEBI (Share Based Employee Benefits) Regulations, 2014.

5 That the Company has in place systems / codes / procedures to comply with the SEBI (Prohibition of Insider Trading) Regulations, 1992 or any modification or re-enactment thereto.

Signatures

I, Pursuant to the requirements of the SEBI Act / Regulations, the Company certify that it has reasonable grounds to believe that it meets all the requirements for the filing of this form and has duly caused this statement to be signed on its behalf by the undersigned, thereunto, duly authorized.

For Himadri Speciality Chemical Ltd

Date: 11/10/2018

Place: Kolkata

Bajrang Lal Sharma

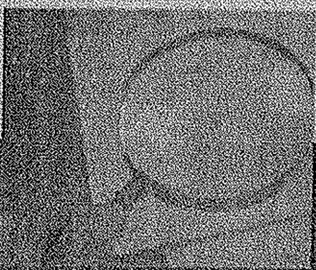
(Company Secretary)

FCS: 8148

Himadri Speciality Chemicals Ltd KOLKATA

Himadri Speciality Chemical Ltd
(Formerly known as Himadri Chemicals & Industries Limited) CIN: L27106WB1987PLC042756
Regd. Office: 23A, Netaji Subhas Road, 8th Floor, 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

Annexure-4



Employee Stock Option Plan 2016

Himadri Speciality Chemical Ltd

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1. **Name, Objective and Term of the ESOP 2016**

1.1 This plan shall be called as "Himadri Employee Stock Option Plan 2016 (ESOP 2016)".

1.2 The objective of this ESOP 2016 is to reward the Employees for their association, dedication and contribution to the goals of the Company. The Company intends to use this ESOP 2016 to attract and retain key talents working with the Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability The Company views this EOSP 2016 as an instrument that would enable sharing the values with the Employees they create for the Company in the years to come.

1.3 ESOP 2016 is established with effect from 24 September 2016, on which the shareholders have approved the ESOP 2016 by way of a special resolution and shall continue to be in force until (i) its termination by the Company as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under the ESOP 2016 have been issued and exercised, whichever is earlier.

1.4 The Board of Directors or the Nomination and Remuneration Committee of Board as authorized may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2016.

2. **Definitions and Interpretation**

2.1 **Definitions**

i. **"Applicable Law"** means every law relating to equity-based compensation plan, including, without limitation to, the Companies Act and includes any statutory modifications or re-enactments thereof, SEBI Act, the SEBI SBEB Regulations and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any Stock Exchange on which the shares are listed or quoted.

ii. **"Board"** means the Board of Directors of the Company.

iii. **"Companies Act"** means the Companies Act, 2013 along with the rules thereto and includes any statutory modifications or re-enactments thereof.

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iv. **"Company"** means Himadri Speciality Chemical Ltd, a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at "23A, Netaji Subhas Road, 8th Floor, Suite No. 15 Kolkata WB 700001" and Corporate Office at "8, India Exchange Place, 2nd Floor, Kolkata – 700 001"

v. **"Company Policies/Terms of Employment"** means the Company's policies for Employees and the terms of employment as contained in the employment letter/contract and the Company Handbook, which includes provisions for securing Confidentiality, Non-Compete and Non Poaching of other Employees and customers.

vi. **"Director"** means a member of the Board of the Company.

vii. **"ESOP 2016"** means this Employee Stock Option Plan 2016 under which the Company is authorized to grant Options to the Employees.

viii. **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting Options to the Employees.

ix. **"Employee"** means (i) a permanent employee of the Company working in India or outside India; or (ii) a Director of the Company, whether whole time director or not; and (iii) an employee, as defined in sub-clauses (i) or (ii) in this Para, of a Subsidiary Company, in India or outside or of a Holding Company of the Company, but excludes-

a. an Employee who is a Promoter or belongs to the Promoter Group;

b. a Director who either by himself or through his relatives or through any-body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company;

c. an independent director within the meaning of the Companies Actand/or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

x. **"Employee Stock Option"** or **"Options"** means the option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.

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xi. "**Exercise**" of an Option means expression of an intention by an Employee to the Company to purchase the Shares underlying the Options, in pursuance of the ESOP 2016, in accordance with the procedure laid down by the Company for exercise of Options.

xii. "**Exercise Period**" means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP 2016.

xiii. "**Exercise Price**" means the price payable by the Employee in order to exercise the Options granted to him in pursuance of the ESOP 2016.

xiv. "**Grant**" means the process by which the Company issues Options to the Employees under the ESOP 2016.

xv. "**Holding Company**" means any present or future holding company of the Company, as defined in the Companies Act.

xvi. "**Market Price**" means the latest available closing price on the Stock Exchange on which the shares of the Company are listed on the date immediately prior to the Relevant Date.

Explanation- If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.

xvii. "**Misconduct**" means disregard of the Company's bye-law, rules, regulations and the Company Policies/ Terms of Employment and includes mismanagement of position by action or inaction, alleged wrongdoing, misfeasance, or violation of any rule, regulation or law which was expected to be abided by the Employee.

xviii. "**Nomination and Remuneration Committee**" means the committee constituted by the Board from time to time, as per the requirements of Applicable Laws, to administer and supervise the ESOP 2016 and other employee benefit plans among other things, comprising of such members of the Board as provided under Section 178 of the Companies Act.

xix. "**Option Grantee**" means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP 2016.

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xx. **"Permanent Incapacity"** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Option Grantee from performing any specific job, work or task which the said Employee was capable of performing immediately before occurrence of such disability, as determined by the Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Company.

xxi. **"Promoter"** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

xxii. **"Promoter Group"** has the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Provided where the Promoter or Promoter Group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be Promoters of such company.

xxiii. **"Retirement"** means retirement as per the rules of the Company.

xxiv. **"SEBI Act"** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.

xxv. **"SEBI SBEB Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended and includes all regulations and clarifications issued there under.

xxvi. **"Shares"** means equity shares of face value of Re 1 (Rupee One) each of the Company within the meaning of this ESOP 2016.

xxvii. **"Stock Exchange"** means the National Stock Exchange of India Limited (NSE), BSE Limited (BSE), or any other stock exchange in India on which the Company's Shares are listed.

xxviii. **"Subsidiary Company"** means any present or future Subsidiary Company of the Company, as defined in the Companies Act.

xxix. **"Unvested Options"** means an Option respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Options.

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xxx. **"Vest"** or **"Vesting"** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP 2016.

xxxi. **"Vesting Condition"** means the conditions subject to which the Options granted would vest in an Option Grantee.

xxxii. **"Vesting Period"** means the period during which the vesting of the Options granted to Employees, in pursuance of the ESOP 2016 takes place.

xxxiii. **"Vested Options"** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option.

2.2 Interpretation

In this ESOP 2016, unless the contrary intention appears:

a) the clause headings are for ease of reference only and shall not be relevant to interpretation;

b) a reference to a clause number is a reference to its sub-clauses;

c) words in singular number include the plural and vice versa;

d) words importing a gender include any other gender;

e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

Words and expressions used and not defined herein but defined in SEBI Act, the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislations

3. Authority and Ceiling

3.1 The Shareholders by way of special resolution dated 24 September 2016 have authorized the Nomination and Remuneration Committee to grant not exceeding 40,00,000 (Forty Lakhs) Options to the Employees under the ESOP 2016, in one or more tranches, exercisable into not more than 5,00,000 (Five Lakhs) Shares of face value of Re. 1/- (One) each fully paid-up, with each such Option conferring a right upon the Employee to apply for one Share of the Company, in accordance with the terms and conditions as may be decided under the EOSP 2016.

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3.2 The maximum number of Options that may be granted to each Employee shall vary depending upon the designation and the appraisal/assessment process, however shall not exceed 5,00,000 (Five Lakhs) in number per eligible Employee. However, the Nomination and Remuneration Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within this ceiling.

3.3 If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Options pool and shall become available for future grants, subject to compliance with the provisions of the Applicable Laws.

3.4 Where Shares are issued consequent to an exercise of Options under the ESOP 2016, the maximum number of Shares that can be issued under ESOP 2016 as referred to in Clause 3.1 above will stand reduced to the extent of such Shares issued.

3.5 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this ESOP 2016, the maximum number of Shares being granted under ESOP 2016 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares X face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Thus, for example, if the prevailing face value of each Share is Rs. 10 per Share and the revised face value after the Share split is Rs. 5 per Share, the total number of Shares available under EOSP 2016 would be (Shares reserved at Sub-Clause 3.1 x 2) Shares of Rs. 5 each. Similarly, in case of bonus issue, rights issue, etc. the available number of Shares under ESOP 2016 shall be revised.

4. Administration

4.1 The ESOP 2016 shall be administered by the Nomination and Remuneration Committee. All questions of interpretation of the EOSP 2016 shall be determined by the Nomination and Remuneration Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2016.

4.2 The Nomination and Remuneration Committee shall, in accordance with this ESOP 2016 and Applicable Laws, determine the following:

(a) The quantum of Options to be granted under the ESOP 2016 per Employee, subject to the ceiling as specified in Para 3.1;

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(b) the Eligibility Criteria for grant of Options to the Employees;

(c) the Exercise Period within which the Employee should exercise the Option and that Option would lapse on failure to Exercise the Option within the Exercise Period;

(d) the specified time period within which the Employee shall exercise the Vested Options in the event of termination or resignation of an Employee;

(e) the right of an Employee to exercise all the Options vested in him at one time or at various points of time within the Exercise Period;

(f) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Nomination and Remuneration Committee:

(i) the number and the price of Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action.

(ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option holders.

(g) the procedure and terms for the Grant, Vesting and Exercise of Employee Stock Option in case of Employees who are on long leave;

(h) the conditions under which Options vested in Employees may lapse in case of termination of employment for misconduct;

(i) The procedure for cashless Exercise of Options, if required; and

(j) approve forms, writings and/or agreements for use in pursuance of the ESOP 2016.

4.3 The Nomination and Remuneration Committee shall also frame suitable policies and systems to ensure that there is no violation of: (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, by Company and its Employees as applicable.

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5. **Eligibility and Applicability**

5.1 Only Employees within the meaning of this ESOP 2016 are eligible for being granted Options under ESOP 2016. The specific Employees to whom the Options would be granted and their Eligibility Criteria would be determined by the Nomination and Remuneration Committee.

5.2 The ESOP shall be applicable to the Company and any successor company thereof, and Subsidiary Companies of the Company, and may be granted to the Employees and Directors of the Company, of the Subsidiary Company, as determined by the Nomination and Remuneration Committee at its own discretion.

6. **Vesting Schedule / Conditions**

6.1 Options granted under ESOP 2016 would Vest after **1 (one) year** but not later than **5 (five) years** from the date of grant of such Options.

6.2 Vesting of Options would be subject to continued employment with the Company, its Holding Company or Subsidiary Company, as the case may be and thus the Options would vest on passage of time. The Nomination and Remuneration Committee shall also specify certain performance parameters, detailed terms and conditions relating to such performance based vesting, the proportion in which Options granted would Vest and/or lock in period subject to which the Options would Vest.

6.3 As a prerequisite for a valid vesting, an Option Grantee is required to be in employment or service of the Company, its Subsidiary Companies, or Holding Company, as the case may be, on the date of Vesting and must neither be serving his notice for termination of employment/ service, nor be subject to any disciplinary proceedings pending against him on the such date of Vesting.

6.4 The specific Vesting schedule and conditions subject to which Vesting would take place would be outlined in the document given to the Option Grantee at the time of Grant of Options.

6.5 **Vesting of Options in case of Employees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Nomination and Remuneration Committee.

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7. Exercise

7.1 Exercise Price

(a) The Exercise Price per Option shall be not less than face value of Shares as decided by the Nomination and Remuneration Committee.

(b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Nomination and Remuneration Committee may decide from time to time.

7.2 Exercise Period

(a) **While in employment:** The Exercise Period shall be 5 (five) **years** from the date of Vesting of Options.

(b) **In case of separation from employment:** Options can be exercised as per provisions outlined below:

S. No.	Separations	Vested Options	Unvested Options
1	**Resignation or termination other than due to Misconduct**	All Vested Options as on date of submission of resignation or termination may be exercised by the Option Grantee **within 30 days from the date of last working day** with the Company.	All Unvested Options on the date of submission of resignation or termination shall stand **cancelled** with effect from that date.
2	**Termination due to Misconduct**	All Vested Options which were not exercised at the time of such termination shall stand **cancelled** with effect from the date of such termination.	All Unvested Options on the date of such termination shall stand **cancelled** with effect from the termination date.
3	**Retirement**	All Vested Options as on the date of Retirement can be exercised by the Option Grantee within **60 days** from the date of last working day with the Company.	All Unvested Options on the date of retirement shall stand **cancelled** as on the date of such Retirement.

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4	**Death**	All Vested Options may be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than **12 months** from the date of Death.	All the Unvested Options as on the date of death shall be deemed to have been Vested and may be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than **12 months** from the date of Death.
5	**Permanent Incapacity**	All Vested Options may be exercised by the Option Grantee, immediately after, but in no event later than **12 months** from the date of such incapacity.	All the Unvested Options as on the date of such Permanent Incapacity shall be deemed to have been Vested and can be exercised by the Option Grantee immediately after, but in no event later than **12 months** from the date of such incapacity.
6	**Abandonment***	All Vested Options as on the date of such termination shall stand cancelled.	All the Unvested Options as on the date of such termination shall stand cancelled.
7	**Other reasons apart from those mentioned above**	The Nomination and Remuneration Committee **shall decide** whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand **cancelled** with effect from that date.

** Nomination and Remuneration Committee at its sole discretion shall decide the date of lapse of Options and such decision shall be final and binding on all concerned.

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7.3 The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Nomination and Remuneration Committee, for the Shares of the Company against the Options vested in him.

7.4 The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

8. Lock-in

The shares arising out of exercise of Vested Options would not be subject to any lock-in period after such Exercise.

Provided that the Shares allotted on such Exercise cannot be sold for such period of time from the date of sale in terms of Code of Conduct for Prevention of Insider Trading of the Company read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

9. Exit route in case of de-listing

If the Company gets de-listed from all the recognized Stock Exchanges, then the Board shall have the powers to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance of the Applicable Laws.

10. Requirements of Non-Compete and Non-Poaching

10.1 In case of separation, separated employee shall not join any competitor company (whether as owner, partner, officer, director, employee, consultant or investor), which is engaged directly or indirectly in the business of same nature which is being carried out by the Company in which the Employee is employed, for a period of 2 years from the date of separation.

10.2 Such separated employee shall also not be engaged in poaching of Employees and customers of the Company during the period stated above.

10.3 If separated employee is found to have breached the aforesaid clauses, and then such separated employee shall be liable to refund all the benefits availed under the ESOP 2016 including any cash payment, if any, made under this Plan.

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11. Restriction on transfer of Options

11.1 The Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

11.2 Options shall not be transferable to any person except in the event of death of the Option Grantee or inability to exercise due to Permanent Incapacity, in which case clause 9.2(b) would apply.

11.3 No person other than the Employee to whom the Option is granted shall be entitled to Exercise the Option except in the event of the death of the Option Grantee, in which provisions in table under Sub-clause 9.2 (b) would apply.

12. Rights as a shareholder

12.1 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a Shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted on Exercise of such Options.

12.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Options or Restricted Stock Units and becomes a registered holder of the Shares of the Company.

12.3 If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the exercise price or both would be made in accordance with Clause 4.2(f) of ESOP 2016.

13. Taxation

13.1 The liability of paying taxes, if any, in respect of Options granted pursuant to this ESOP 2016 and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder.

13.2 The Company shall have the right to deduct from the Option Grantee's salary, any of the Option Grantee's tax obligations arising in connection with the Options upon the Exercise thereof. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

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13.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee.

14. Authority to vary terms

Subject to such approvals as may be required, the Nomination and Remuneration Committee may at any time amend, alter, or vary the terms of the ESOP 2016 and/ or terms of the Options already granted under the ESOP 2016 subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Employees.

15. Miscellaneous

15.1 Government Regulations

This ESOP 2016 shall be subject to all Applicable Laws including any statutory modification(s) or re-enactment(s) thereof, and approvals from governmental authorities, if any, and to the extent required.

15.2 Inability to obtain approval

The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to grant the Options or issue Shares.

15.3 Neither the existence of this ESOP 2016 nor the fact that an individual has on any occasion been granted an Options shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this ESOP 2016 or any future plan (s) by being granted an Options on any other occasion.

15.4 The rights granted to an Option Grantee upon the grant of Options shall not accord the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

15.5 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Options in whole or in part.

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15.6 General Risks

Participation in the ESOP 2016 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Option Grantee alone.

16. Accounting and Disclosures

16.1 The Company shall follow the laws/regulations applicable to accounting and disclosure related to Options, including but not limited to the Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

16.2 Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for ESOP 2016 then the Company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI or any other appropriate authority from time to time.

16.3 The Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features of the ESOP 2016 in a format as prescribed under SEBI SBEB Regulations.

16.4 The Company shall disclose details of Grant, Vest, Exercise and lapse of the Options in the Directors' Report or in an annexure thereof as prescribed under SEBI SBEB Regulations or any other Applicable Laws as in force.

17. Certificate from Auditors

17.1 The Board shall at each annual general meeting place before the shareholders a certificate from the auditors of the Company that the ESOP 2016 has been implemented in accordance with the SEBI SBEB Regulations and in accordance with the resolution of the Company in the general meeting.

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18. Governing Laws

18.1 The terms and conditions of the ESOP 2016 shall be governed by and construed in accordance with the Applicable Laws including the Foreign Exchange Laws mentioned below.

18.2 Foreign Exchange Laws

In case any Options are granted to any Employee being resident outside India belonging to the Company or Subsidiary Company of the Company, as the case may be, working outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vest and Exercise of Options thereof.

19. Notices

19.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2016 shall be in writing or in any other means of electronic communication. The communications shall be made by the Company in any one or more of the following ways:

i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; or

ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or

iii. Emailing the communication(s) to the Option Grantee at the official email address provided if any by the Company during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

19.2 Any communication to be given by an Option Grantee to the Company in respect of ESOP 2016 shall be sent to the person at the address mentioned below:

Name: Mr. Bajrang Lal Sharma
Designation: Company Secretary and Compliance Officer
<<Address>>8, India Exchange Place, 2nd Floor, Kolkata – 700 001
E-Mail ID: blsharma@himadri.com

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20. Governing Law and Jurisdiction

20.1 The Courts in Kolkata, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2016.

20.2 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2016:

(i) in any other court of competent jurisdiction; or

(ii) Concurrently in more than one jurisdiction.

21. Income Tax Rules

The Income Tax Laws and Rules in force will be applicable.

22. Severability

In the event any one or more of the provisions contained in this ESOP 2016 shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this ESOP 2016, but this ESOP 2016 shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and the ESOP 2016 shall be carried out as nearly as possible according to its original terms and intent.

23. Confidentiality

23.1 An Option Grantee must keep the details of the ESOP 2016 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this Confidentiality Clause, the Company has undisputed right to terminate any Agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this clause, the Nomination and Remuneration Committee will have the authority to deal with such cases as it may deem fit.

23.2 On acceptance of the grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the ESOP 2016 or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

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Annexure-5

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
e-mail: investors@himadri.com, Website: www.himadri.com, Ph: 033 22309953

NOTICE

NOTICE is hereby given that the 28th Annual General Meeting of Himadri Speciality Chemical Ltd (Formerly known as Himadri Chemicals & Industries Limited) will be held at Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata – 700 017 on Saturday, 24 September 2016 at 10:00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended 31 March 2016 together with the report of the Board of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Shyam Sundar Choudhary (DIN: 00173732), who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vijay Kumar Choudhary (DIN: 00173858), who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, the following as an **Ordinary Resolution**:-

   "**RESOLVED THAT** pursuant to the provisions Section 139, 140, 141, 142 and all other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications(s) or re-enactment thereof, for the time being in force) **M/s B S R & Co. LLP**, Chartered Accountants (Firm Registration No. 101248W/ W-100022) be and is hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as agreed upon by the Board of Directors and the Auditors, in addition to, service tax as may be applicable and out of pocket expenses incurred in connection with the audit of financial statements of the Company for the financial year 2016-17."

SPECIAL BUSINESS

6. **To ratify remuneration of Cost Auditors and consider, if thought fit, to pass, the following as an Ordinary Resolution:-**

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of ₹40,000/- (Rupees Forty Thousand only) plus service tax as applicable and reimbursement of actual travel and out of pocket expenses, to be paid to Mr. Sambhu Banerjee, Cost Auditor (Membership No.9780) of the Company, for conducting the audit of the Cost Accounting Records as required to be maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2016-17 as approved by the Board of Directors of the Company be and is hereby ratified and approved."
7. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-**

   "**RESOLVED THAT** in supersession of the earlier resolutions passed if any, pursuant to the provisions of section 181 and all other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors to contribute to bona-fide and charitable funds, any amount the aggregate of which, in any financial year, may exceed five per cent of its average net profits for the three immediately preceding financial years provided that the aggregate of such contribution in any financial year shall not exceed ₹2 Crores (Two Crores)."

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Himadri Speciality Chemical Ltd

8. **Approval of Himadri Employee Stock Option Plan 2016 and Grant of Employee Stock Options to the employees of the Company thereunder**

   To consider and if deemed fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:-

   "RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred as "SEBI SBEB Regulations"), and further subject to such other approvals, permissions and sanctions as may be necessary and in supersession of all earlier resolutions passed in this regard and upon such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the introduction and implementation of Himadri Employee Stock Option Plan 2016' (hereinafter referred to as the "ESOP 2016") authorising the Board of Directors of the Company *(hereinafter referred to as the* "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to create, and grant from time to time, in one or more tranches, not exceeding 40,00,000 (Forty Lakhs) Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the Company, including any Director, whether whole time or otherwise, (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided under ESOP 2016, exercisable into not more than 40,00,000 (Forty Lakhs) equity shares of face value of ₹1 (Rupee One) each fully paid-up, on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016."

   "RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the ceiling on the number of Options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares issued."

   "RESOLVED FURTHER THAT in case the equity shares of the Company are consolidated, then the number of equity shares to be allotted and the exercise price payable by the option grantees under the ESOP 2016 shall automatically stand augmented in the same proportion as the present face value of ₹1 (Rupee One) per equity share bears to the revised face value of the equity shares of the Company after such consolidation, without affecting any other rights or obligations of the said grantees."

   "RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of the Equity Shares allotted under ESOP 2016 on the Stock Exchanges where the Equity Shares of the Company are listed."

   "RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2016."

   "RESOLVED FURTHER THAT the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2016 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2016 and do all other things incidental and ancillary thereof."

   "RESOLVED FURTHER THAT the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including authorizing or directing to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2016 as also to make applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all

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such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard."

9. **Approval of Grant of Employee Stock Options to the employees of Subsidiary Companies of the Company under Himadri Employee Stock Option Plan 2016**

   To consider and if deemed fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:-

   "RESOLVED THAT pursuant to the provisions of Section 62(1) (b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to create and grant from time to time, in one or more tranches such number of Employee Stock Options under Himadri Employee Stock Option Plan 2016' (hereinafter referred to as the "ESOP 2016") within the limit prescribed therein to or for the benefit of such person(s) who are in permanent employment of any existing or in future Subsidiary Company of the Company, including any Director thereof, whether whole time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), of any existing and future Subsidiary Company(ies) of the Company whether in or outside India as may be decided under ESOP 2016, exercisable into corresponding number of Equity Shares of face value of ₹1/- (Rupee One) each fully paid-up, on such terms and in such manner as the Board /Committee may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016."

By Order of the Board of Directors

Sd/-
Bajrang Lal Sharma
Company Secretary
FCS: 8148

Place: Kolkata
Date: 11 August 2016

NOTES:

1. ***In terms of section 105 of the Companies Act, 2013, a member entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company.***
2. Since M/S S Jaykishan, Chartered Accountants (Firm Registration No. 309005E), one of the Joint Statutory Auditors, has expressed their unwillingness to be re-appointed due to their pre-occupation therefore, the remaining Joint Statutory Auditors M/s B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/ W-100022) will continue and has been proposed to be re-appointed as Statutory Auditors of the Company. However, the retiring Auditor has completed the tenure of ten years, since their first appointment made at the AGM held on 18 September 2006.
3. The statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out the material facts in respect of the business under Item No 6 to 9 in respect of Special Business as stated in this notice is annexed hereto, forming the part of this notice.
4. The Notice is being sent to all the members of the Company, whose names appear in the Register of Members as on 22 August 2016.
5. As per the provisions of Section 105 read with Rule 19(2) of the Companies (Management and Administration) Rules, 2014, a person shall not act as a proxy for more than 50 (fifty) members and holding in the aggregate not more than 10 % of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
6. The instrument appointing the proxy, in order to be effective, should be deposited, duly completed and signed, at the

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Registered Office of the Company not less than forty-eight hours before the commencement of the AGM. A proxy form is enclosed herewith.

7. The proxy holder shall provide his identity at the time of attending the Annual General Meeting.

8. When a member appoints a proxy and both the member and proxy attend the meeting, the proxy stands automatically revoked.

9. Requisition for inspection of proxies by members entitled to vote on any resolution shall be made in writing atleast three days before the commencement of the meeting.

10. A member would be entitled to inspect the proxies lodged with the Company, twenty four hours before the time fixed for the commencement of the meeting.

11. The quorum for the Annual General Meeting, as provided in Section 103 of the Companies Act, 2013, is thirty members (including a duly authorized representative of a body corporate) personally present in the meeting at the commencement of business.

12. Shareholders desiring any information as regards the Financial Statements of the Company are requested to write to the Company in advance so as to enable the management to keep the information readily available at the meeting.

13. The Register of Members and Share Transfer Books of the Company will remain closed from **17 September 2016 to 24 September 2016** (both days inclusive) for the purpose of Annual General Meeting and payment of dividend, if declared at the meeting.

14. Members are requested to intimate about change in their mailing address, if any, to the Company's Registrar and Share Transfer Agent, **M/s S. K. Infosolutions Pvt. Ltd., 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006** in case the shares are held in physical form and to the Depository Participant (D/P) in case of shares held in electronic form.

15. Corporate members are required to send to the Company a certified copy of their Board resolution, pursuant to section 113 of the Companies Act 2013, authorizing their representative to attend and vote at the AGM.

16. The Dividend on shares, if declared, will be paid, 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 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.

17. The Company on 17 November 2015, has transferred the amount of unpaid / unclaimed dividend for the year 2007-08, aggregating to ₹10,68,206/- to Investor Education and Protection Fund established by the Central Government in terms of Section 205(C) of the Companies Act, 1956.

18. Members who have not yet en-cashed their dividend for the financial year 2008-09, 2009-10, 2010-11, 2011-12 2012-13 and 2013-14 are requested to make their claims with the Company. All the monies towards unpaid / unclaimed dividend are lying in a separate bank account of the Company. Members hereby informed that upon expiry of seven years from the date of transfer to unpaid dividend account, such amount of unpaid/ unclaimed dividend, if any, will be transferred to the credit of the Investor Education and Protection Fund established by the Central Government in terms of 205(C) of the Companies Act, 1956. It may be noted by the members that the ***Unpaid / Unclaimed dividend for the financial year ended 31 March 2009, is due for transfer on or after 23 October 2016 to the credit of the Investor Education and Protection Fund established by the Central Government in terms of Section 205(C) of the Companies Act, 1956, therefore shareholders are requested to make their claim, if any, for Unpaid Dividend for the financial year 2008-09 before 23 October 2016.***

19. Bank Mandate for Dividend or Electronic Clearance Services (ECS):

    i) In order to protect the investors from fraudulent encashment of the dividend warrants, the members holding shares in physical form are requested to intimate the Company under signature of the Sole/ First joint holder, the following details which will be used by the Company for payment of dividend:

        a. Name of Sole / First joint holder and folio no.

        b. Particulars of bank account viz:

            # Name of the bank, branch and bank code

            # Complete address of the bank with Pin Code

            # Account type, whether savings or current

            # Bank account number allotted by the bank

    In case of Shareholders holding shares in electronic form, bank account details provided by the Depository Participants (DPs)

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will be used by the Company for printing of dividend warrants. Shareholders who wish to change such bank account may intimate their DPs about such changes with complete details of bank account including MICR Code. Shareholders residing at the centres where National Electronic Clearing Service (NECS) facility is available are advised to avail of the option to collect dividend by way of NECS.

Shareholders holding shares in physical form are requested to send their NECS Mandate Form in the format available for download on Company's website www.himadri.com, duly filled in to the Company's Registrar & Share Transfer Agents **M/s S. K. Infosolutions Pvt. Ltd., 34/1A, Sudhir Chatterjee Street, Kolkata- 700 006** and in case equity shares are held in Electronic Form, the NECS Mandate form will have to be sent to the concerned Depository participants (DPs) directly.

The Securities & Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the Depositories for the remittance of Dividend through Electronic Clearing Services (ECS) to investors where ECS and bank details are available. Therefore, members are requested to give instructions regarding bank account in which they wish to receive dividend directly through their Depository Participant (D/P). The Company will not entertain any direct request from such members for deletion of / or change in such bank particulars

20. The business set out in the Notice will also be transacted through electronic voting system and the Company is providing such facility to the members.

21. As per the provisions of Section 20 of the Companies Act, 2013 and in compliance with the guidelines of Green Initiative, an electronic copy of the Annual Report and Notice for calling AGM of the Company, *inter alia*, indicating the process and manner of voting through electronic means along with Attendance Slip and Proxy Form is being sent to all the Members whose email IDs are registered with the Company's Registrar and Share Transfer Agents/Depository Participants(s) for communication purposes, unless any member has requested for a physical copy of the same. The physical copies of annual report with Notice of the AGM of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to those members whose e-mail id's are not registered with the Company.

22. In accordance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 20 and 21 (1) (a) to (h) of the Companies (Management and Administration) Rules, 2015 and applicable provisions of the Regulation 44 of SEBI (LODR) Regulations, 2015, and other applicable provisions if any, the Company has engaged the services of NSDL to provide facility of voting through electronic means to all the members to enable them to cast their votes electronically in respect of all the businesses to be transacted at the AGM. The facility of voting through electronic voting system will not be available at the AGM. Members who have cast their vote by remote e-voting may attend the AGM, but shall not be able to vote at the AGM. Such member will also not be allowed to change or cast vote again. The Company shall provide the facility of voting through polling paper at the venue of the AGM to those members attending the AGM and who have not already cast their vote by remote e-voting.

23. Relevant documents referred to in the accompanying notice/ explanatory statement are open for inspection by the members at the AGM and such documents will also be available for inspection in physical or in electronic form at the Corporate Office on all working days (excluding Saturdays, Sundays and Holidays) from 10:00 a.m. to 01:00 p.m., up to the date of this AGM. Further, the notice for this AGM shall also be available on the Company's website, at www.himadri.com.

24. The Board of Directors of your Company has appointed Mr. Arun Kumar Khandelia, Practicing Company Secretary (CP No: 2270), Partner of K. Arun & Co as the Scrutinizer to scrutinize the e-voting process for the AGM as well as voting through Ballot Paper at the venue of AGM in a fair and transparent manner.

25. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 and Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 read with Rules made thereunder will be available for inspection by the members at the AGM.

26. Mr. Bajrang Lal Sharma, Company Secretary and Compliance Officer of the Company shall be responsible for addressing all the grievances in relation to this AGM including e-voting. His details are as follows;

    Name: Mr. Bajrang Lal Sharma
    Designation: Company Secretary and Compliance Officer
    Corporate office: 8, India Exchange Place, 2nd Floor, Kolkata-700001
    Email id: blsharma@himadri.com
    Phone No.: 033-2230 9953

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The instructions to shareholders for remote e-voting are as under:

27. The e-voting period shall begin at **09:00 a.m. on 20 September 2016 and ends at 5:00 p.m. on 23 September 2016.** During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e **17 September 2016**, may cast their vote electronically. A person who is not a member as on the cut-off date should treat this Notice for information purpose only. The remote e-voting module shall be disabled by NSDL for voting thereafter and the facility shall forthwith be blocked. Shareholders who have already voted prior to the AGM date would not be entitled to vote at the AGM venue.

28. Guidance for E-Voting

    A. **In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:**

    (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

    (ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

    (iii) Click on Shareholder - Login

    (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

    (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

    (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

    (vii) Select "EVEN" of "Himadri Speciality Chemical Ltd. (formerly known as Himadri Chemicals & Industries Limited").

    (viii) Now you are ready for remote e-voting as Cast Vote page opens.

    (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

    (x) Upon confirmation, the message "Vote cast successfully" will be displayed.

    (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

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

    B. **In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:**

    (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

    EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN

    (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

I. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

II. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

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

IV. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. **17 September 2016.** Members are eligible to cast vote electronically only if they are holding shares either in physical form or demat form as on that date

V. Any person, who acquires shares of the Company and become member of the Company after dispatch of the

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KOLKATA Himadri Speciality Chemical Ltd

notice and holding shares as of the cut-off date i.e. **17 September 2016**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or skcdilip@gmail.com / contact@skcinfo.com

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

VI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

VII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

VIII. Mr. Arun Kumar Khandelia, Practicing Company Secretary (CP No: 2270), Partner of K. Arun & Co, has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

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

X. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.himadri.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchange(s).

C. **Other Instructions:**

i) In case of any queries, you may refer to the "Frequently Asked Questions" (FAQs) and "e-voting user manual" available in the downloads section of NSDL's e-voting website www.evoting.nsdl.com or call on Toll free no. 1800-222-990.

ii) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

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

Important Note:

The Company being a listed Company and having more than 1000 shareholders, is compulsorily required to provide e-Voting facility to members in terms of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and pursuant to Regulation 44(1) of the SEBI (LODR) Regulations, 2015, voting by show of hands will not be available to the members at the 28th AGM in view of the further provisions of Section 107 read with Section 114 of the Act.

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Speciality Chemical

ANNEXURE TO THE NOTICE

29. Disclosure pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015 with respect to Directors seeking appointment / re-appointment at forthcoming AGM is given in the annexure:

Details of the Directors seeking appointment / re-appointment in forthcoming Annual General Meeting

Name of Director	**Mr. Shyam Sundar Choudhary**	**Mr. Vijay Kumar Choudhary**
DIN	00173732	00173858
Date of Birth	14-10-1947	06-05-1953
Date of Appointment	28-07-1987	28-07-1987
Qualifications	B. Com	B. Com
Experience	An Industrialist with experience of more than 40 years in area of chemicals business. He has been associated with Company as promoter director since its incorporation	An Industrialist with experience of more than 37 years in area of chemicals business. He has been associated with Company as promoter director since its incorporation
Directorship in other Companies	1. Himadri Industries Limited 2. Sri Agro Himghar Limited 3. Himadri Power Limited	1. Himadri Industries Limited 2. Himadri Dyes & Intermediates Limited 3. Sri Agro Himghar Limited 4. Himadri Power Limited 5. Suraksha Nirman Private Limited 6. Sukhisansar Developers Private Limited 7. Dreamway Developers Private Limited 8. Dripti Projects Private Limited
Chairman/ Member of the committee of Board of other Companies	NIL	NIL
No. of shares held (₹1/- each)	32,34,280 (0.77%)	32,66,640 (0.78%)
Relationship with other Directors	1. Mr. B. L. Choudhary - Brother 2. Mr. V. K. Choudhary - Brother	1. Mr. S. S. Choudhary - Brother 2. Mr. B. L. Choudhary - Brother

By Order of the Board of Directors

Sd/-
Bajrang Lal Sharma
Company Secretary
FCS: 8148

Place: Kolkata
Date: 11 August 2016

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Himadri Speciality Chemical Ltd.

EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013]

Item No. 6

The Board of Directors of the Company, on the recommendation of the Audit Committee has considered and approved the appointment of Mr. Sambhu Banerjee, Cost Accountant, (Membership No.9780) as the Cost Auditor of the Company to audit the Cost Accounting Records as required to be maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 for the financial year 2016-17 at a remuneration of ₹40,000/- (Rupees Forty Thousand only) per annum plus service tax as applicable and reimbursement of actual travel and out of pocket expenses.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration, as approved by the Board of Directors of the Company on recommendation of the Audit Committee, is required to be ratified by the Members of the Company. The Resolution mentioned herein above in the Notice is therefore set out as an Ordinary Resolution for approval and ratification by the Members.

Your Directors recommend the resolution to be passed in the interest of the Company. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution as set in Item no.6.

Item No. 7

Your Company is authorized by its Memorandum of Association to make contributions and subscription to charitable and other funds, and as per the provisions of Section 181 of the Companies Act, 2013 the aggregate of such contribution in any financial year may be made upto five percent of the Company's average net profits computed for the three immediately preceding financial years, and in case if, such contributions exceed this limit, it requires approval of the shareholders. Therefore, with a view to enable the Board of Directors to make contribution to bona-fide and charitable funds from time to time which may exceed the limit as provided in Section 181 of the Companies Act, 2013, your approval is accorded to the proposed resolution. This resolution if, approved will supersede the earlier resolution passed by the shareholders pursuant to Section 293(1)(e) of the Companies Act, 1956 at the annual general meeting held on 18 September 2006.

None of the Directors and Key Managerial Personnel (KMP) is in any way concerned or interested in the resolution proposed to be passed. Your directors recommend the adoption of the proposed resolution in the interest of public.

Item No. 8 & 9

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. Your Company believes that equity based compensation plans are an effective tool to reward the employees of the Company and its subsidiaries (hereinafter collectively as "Company" as the context requires) for their contribution to the growth of the Company, to create an employee ownership in the Company, to attract new talents, to retain the key resources and knowledge in the organisation.

With this objective in mind, your Company intends to implement 'Himadri Employee Stock Option Plan 2016' ("ESOP 2016") for the permanent employees including Directors of the Company.

The Company seeks members' approval in respect of ESOP 2016 and grant of Stock Options to the eligible employees of the Company as decided in this behalf from time to time in due compliance of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations").

The main features of the ESOP 2016 are as under:

a) **Brief description of the plan:**

The Company proposes to introduce the ESOP 2016 with primarily with a view to attract, retain, incentivise and motivate the existing employees of the Company, employees joining the Company and its Directors that would lead to higher corporate growth. The ESOP 2016 contemplates grant of options to the eligible employees (including Directors), as may be determined in due compliance of SEBI SBEB Regulations and provisions of the ESOP 2016. After vesting of options, the eligible employees earn a right (but not obligation) to exercise the vested options within the exercised period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination and Remuneration Committee ("Committee") of the Company shall act as Compensation Committee for administration of ESOP 2016. All questions of interpretation of the ESOP 2016 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in ESOP 2016.

b) **Total number of Options to be granted:**

The total number of options to be granted under ESOP 2016

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shall not exceed 40,00,000 (Forty Lakhs) each option when exercised would be converted into one Equity Share of ₹1/- (Rupee One) each fully paid-up.

Vested Option lapsed due to non-exercise and/or unvested Options that get cancelled due to resignation/ termination of the employee or otherwise, would be available for being re-granted at a future date. The Board/ Committee is authorized to re-grant such lapsed / cancelled Options as per the provisions of ESOP 2016, within overall ceiling.

Further, the SEBI Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. In this regard, the Committee shall adjust the number and price of the options granted in such a manner that the total value of the options granted under ESOP 2016 remain the same after any such corporate action. Accordingly, if any additional options are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 40,00,000 (Forty Lakhs) shall be deemed to be increased to the extent of such additional options issued.

c) **Identification of classes of employees entitled to participate in ESOP 2016:**
All the Permanent Employees (including Director, whether whole time or not but excluding independent directors) of the Company and its subsidiaries working in India or out of India shall be eligible to participate in the Plan. Provided however that the following persons shall not be eligible to participate in ESOP 2016:

   a. an employee who is a Promoter or belongs to the Promoter Group as defined in the SEBI Regulations; or

   b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Equity Shares of the Company; or

   c. Independent Directors.

d) **Requirements of vesting and period of vesting:**
All the options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 5 (five) years from the date of grant of options as may be determined by the Committee. The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable law and in the interest of the option grantee.

The vesting dates in respect of the options granted under the ESOP 2016 shall be determined by the Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of options granted to an employee.

Options shall vest essentially based on continuation of employment and apart from that the Committee may prescribe achievement of any performance condition(s) for vesting.

e) **Maximum period within which the options shall be vested:**
All the options granted on any date shall vest not later than a maximum of 5 (Five) years from the date of grant of options as may be determined by the Committee.

f) **Exercise price or pricing formula:**
Exercise price shall be such price being not less than the face value of the equity shares of the Company as may be determined by the Committee.

g) **Exercise period and the process of Exercise:**
The Exercise period would commence from the date of vesting and will expire on completion 5 (five) years from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time.

The vested Option shall be exercisable by the employees by a written application to the Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

h) **Appraisal process for determining the eligibility of employees under ESOP 2016:**
The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance, etc.

i) **Maximum number of Options to be issued per employee and in aggregate:**
The number of options that may be granted to any specific employee of the Company under the ESOP 2016, in any financial year and in aggregate under the ESOP 2016 shall not exceed 5,00,000 (Five Lakhs) Options.

j) **Maximum quantum of benefits to be provided per employee under the ESOP 2016:**
The maximum quantum of benefits underlying the options

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issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise of options.

k) **Route of ESOP 2016 implementation:**
The ESOP 2016 shall be implemented and administered directly by the Company. In case Company wishes otherwise, it may be intimated to the members in due course as per applicable laws.

l) **Source of acquisition of shares under the ESOP 2016:**
The ESOP 2016 contemplates fresh/new issue of shares by the Company.

m) **Amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc:**
This is currently not contemplated under the present ESOP 2016.

n) **Maximum percentage of secondary acquisition:**
This is not relevant under the present ESOP 2016.

o) **Accounting and Disclosure Policies:**
The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments and/or any relevant Accounting Standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein.

p) **Method of option valuation:**
The Company shall adopt 'fair value method' for valuation Options as prescribed under Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

q) **Declaration:**
In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on Earning Per Share ("EPS") of the Company shall also be disclosed in the Board's Report.

Consent of the members is being sought by way of a special resolution pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

A draft copy of the ESOP 2016 is available for inspection at the Company's Corporate Office, 8, India Exchange Place, 2nd Floor, Kolkata – 700 001 from 10:00 a.m. to 01:00 p.m. on all working days (excluding Saturdays, Sundays and Holidays) till the date of the 24 September 2016.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the ESOP 2016.

In light of above, members are requested to accord their approval to the proposed special resolution.

By Order of the Board of Directors

Sd/-
Bajrang Lal Sharma
Company Secretary
FCS: 8148

Place: Kolkata
Date: 11 August 2016

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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

e-mail: investors@himadri.com, Website: www.himadri.com, Ph: 033 22309953

Form No. MGT-11

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

PROXY FORM

Annual General Meeting – 24 September 2016

Name and address of the member(s) :			
Folio No./ DP-ID/ CL- ID.:		No of Shares held	
E-mail-Id:			

I/We, being the member (s) of .... shares of the above named Company, hereby appoint :

1. Name:...

   Address:...

   E-mail Id: .... Signature: ....

or failing him/her

2. Name:...

   Address:...

   E-mail Id: .... Signature: ....

or failing him/her

3. Name:...

   Address:...

   E-mail Id: .... Signature: ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held at Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata – 700 017 on Saturday, 24 September 2016 at 10:00 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:-

KOLKATA Speciality Chemical Ltd

Resolution No.	Description of Resolutions		
Ordinary Business		**Favor**	**Against**
1	To receive, consider and adopt the Audited Financial Statements of the Company (including Audited Consolidated Financial Statements) for the financial year ended 31 March 2016 together with the report of the Board of Directors and Auditors thereon.		
2	To declare dividend.		
3	To appoint a Director in place of Mr. Shyam Sundar Choudhary (DIN: 00173732), who retires by rotation and being eligible offers himself for re-appointment.		
4	To appoint a Director in place of Mr. Vijay Kumar Choudhary (DIN: 00173858), who retires by rotation and being eligible offers himself for re-appointment.		
5	To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, the following as an **Ordinary Resolution:-** "**RESOLVED THAT** pursuant to the provisions Section 139, 140, 141, 142 and all other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications(s) or re-enactment thereof, for the time being in force) **M/s B S R & Co. LLP**, Chartered Accountants (Firm Registration No. 101248W/ W-100022) be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as agreed upon by the Board of Directors and the Auditors, in addition to, service tax as may be applicable and out of pocket expenses incurred in connection with the audit of financial statements of the Company for the financial year ending 31 March 2017."		
Special Business			
6	Ordinary Resolution for ratification of payment of remuneration to Mr. Sambhu Banerjee as Cost Auditor for FY 2016-17.		
7	Ordinary Resolution for delegation of authority to the Board of Directors for making contributions to bona fide and Charitable funds.		
8	Special Resolution for approval of Himadri Employee Stock Option Plan 2016 and Grant of Employee Stock Options to the employees of the Company thereunder.		
9	Special Resolution for approval of Grant of Employee Stock Options to the employees of Subsidiary Companies of the Company under Himadri Employee Stock Option Plan 2016.		

Signed this ....day of 2016

Affix Revenue Stamp

Signature of Shareholder

Signature of Proxy holder(s)

Notes:

1. *This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.*
2. *A person can act as proxy on behalf of Member upto and not exceeding fifty and holding in aggregate not more than ten percent of the total share capital of the Company. Further, a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.*

Himadri Speciality Chemical Ltd. KOLKATA

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

e-mail: investors@himadri.com, Website: www.himadri.com, Ph: 033 22309953

ATTENDANCE SLIP

I certify that I am a member / proxy / authorized representative for the member of the Company. I hereby record my presence at the 28th Annual General Meeting of the Company being held at Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata – 700 017 on Saturday, 24 September 2016 at 10:00 a.m.

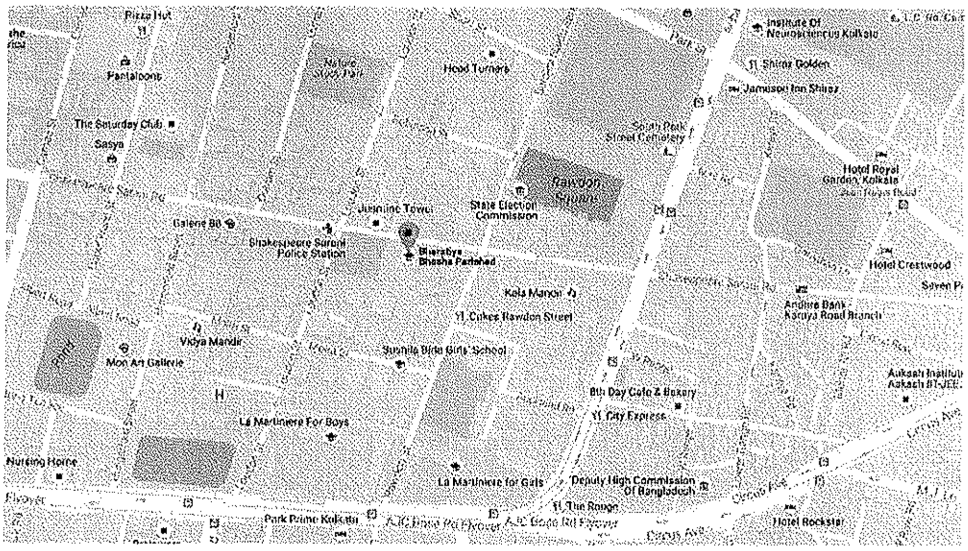
Name and address of the member(s) :			
Folio No./ DP-ID/ CL- ID.		No of Shares held	

Signature of the Shareholder/ Proxy/
Authorized Representative Present

Notes:

1. Shareholders / Proxy holders wishing to attend the meeting must bring the Attendance Slip, duly filled in and signed and hand it over at the time of entrance into the meeting Hall and bring the copies of Annual Report at the meeting for reference.

Route map to the Venue of AGM



Bhartiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata – 700 017

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Himadri

Annexure - 6

EXTRACTS OF THE MINUTES OF THE 28TH ANNUAL GENERAL MEETING ("AGM") OF HIMADRI SPECIALITY CHEMICAL LTD (FORMERLY KNOWN AS HIMADRI CHEMICALS & INDUSTRIES LTD) ("THE COMPANY") HELD ON SATURDAY THE 24 SEPTEMBER 2016, AT 10.00 A.M. AT BHARATIYA BHASHA PARISHAD, 36A, SHAKESPEARE SARANI, KOLKATA- 700017 AND CONCLUDED ON 12.15 P.M.

Item No. 8

Approval of Himadri Employee Stock Option Plan 2016 and Grant of Employee Stock Options to the employees of the Company thereunder. (Special Resolution)

Proposed by: Mr. Dipali Paulchaudhury
Seconded by: Mr. Satya Narayan Pal

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter referred as "SEBI SBEB Regulations"), and further subject to such other approvals, permissions and sanctions as may be necessary and in supersession of all earlier resolutions passed in this regard and upon such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the introduction and implementation of Himadri Employee Stock Option Plan 2016' (hereinafter referred to as the "ESOP 2016") authorising the Board of Directors of the Company *(hereinafter referred to as the* "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to create, and grant from time to time, in one or more tranches, not exceeding 40,00,000 (Forty Lakhs) Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the Company, including any Director, whether whole time or otherwise, (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided under ESOP 2016, exercisable into not more than 40,00,000 (Forty Lakhs) equity shares of face value of Re. 1 (Rupee One) each fully paid-up, on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016."

KOLKATA Himadri Speciality Chemical Ltd

For Himadri Speciality Chemical Ltd

Company Secretary
FCS: 8148

6/10/2016

KOLKATA Himadri Speciality Chemical Ltd

"**RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any additional equity shares are to be issued by the Company to the Option grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the ceiling on the number of Options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares issued."

"**RESOLVED FURTHER THAT** in case the equity shares of the Company are consolidated, then the number of equity shares to be allotted and the exercise price payable by the option grantees under the ESOP 2016 shall automatically stand augmented in the same proportion as the present face value of Re. 1 (Rupee One) per equity share bears to the revised face value of the equity shares of the Company after such consolidation, without affecting any other rights or obligations of the said grantees."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take requisite steps for listing of the Equity Shares allotted under ESOP 2016 on the Stock Exchanges where the Equity Shares of the Company are listed."

"**RESOLVED FURTHER THAT** the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2016."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the ESOP 2016 subject to the compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as may at its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the ESOP 2016 and do all other things incidental and ancillary thereof."

"**RESOLVED FURTHER THAT** the Board, be and is hereby authorized to do all such acts, deeds, and things, as may, at its absolute discretion, deems necessary including authorizing or directing to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2016 as also to make applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and

Himadri

For Himadri Speciality Chemical Ltd
Company Secretary
FCS: 8148

all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard."

Voting

No of Votes	In favor		In Against	
	No of votes	%	No of Votes	%
206008104	205866923	99.931	141181	0.069

Result

On the basis of the Scrutinizer's report dated 24 September 2016, the resolution has been duly passed with requisite majority

Item No. 9

Approval of Grant of Employee Stock Options to the employees of Subsidiary Companies under Himadri Employee Stock Option Plan 2016. (Special Resolution)

Proposed by: Mr. Asim Roy
Seconded by: Mr. Amit Kumar Banerjee

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to create and grant from time to time, in one or more tranches such number of Employee Stock Options under Himadri Employee Stock Option Plan 2016' (hereinafter referred to as the "ESOP 2016") within the limit prescribed therein to or for the benefit of such person(s) who are in permanent employment of any existing or in future Subsidiary Company of the Company, including any Director thereof, whether whole time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), of any existing and future Subsidiary Company(ies) of the Company

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Himadri Speciality Chemical Ltd

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Himadri Speciality Chemical Ltd

whether in or outside India as may be decided under ESOP 2016, exercisable into corresponding number of Equity Shares of face value of Re. 1 /- (Rupee One) each fully paid-up, on such terms and in such manner as the Board /Committee may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016."

Voting

No of Votes	In favor		In Against	
	No of votes	%	No of Votes	%
206008104	205866923	99.931	141181	0.069

Result

On the basis of the Scrutinizer's report dated 24 September 2016, the resolution has been duly passed with requisite majority

EXPLANATORY STATEMENT
[Pursuant to Section 102 of the Companies Act, 2013]

Item No. 8 & 9

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. Your Company believes that equity based compensation plans are an effective tool to reward the employees of the Company and its subsidiaries (hereinafter collectively as "Company" as the context requires) for their contribution to the growth of the Company, to create an employee ownership in the Company, to attract new talents, to retain the key resources and knowledge in the organisation.

With this objective in mind, your Company intends to implement 'Himadri Employee Stock Option Plan 2016' ("ESOP 2016") for the permanent employees including Directors of the Company.

The Company seeks members' approval in respect of ESOP 2016 and grant of Stock Options to the eligible employees of the Company as decided in this behalf from time to time in due compliance of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations").

The main features of the ESOP 2016 are as under:

a) **Brief description of the plan:**
The Company proposes to introduce the ESOP 2016 with primarily with a view to attract, retain, incentivise and motivate the existing employees of the Company, employees joining the Company and its Directors that would lead to higher corporate growth. The ESOP 2016 contemplates grant of options to the eligible employees (including Directors), as may be determined in due compliance of SEBI SBEB Regulations and provisions of the ESOP 2016. After vesting of options, the eligible employees earn a right (but not obligation) to exercise the vested options within the exercised period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon.

The Nomination and Remuneration Committee ("Committee") of the Company shall act as Compensation Committee for administration of ESOP 2016. All questions of interpretation of the ESOP 2016 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in ESOP 2016.

b) Total number of Options to be granted:

The total number of options to be granted under ESOP 2016 shall not exceed 40,00,000 (Forty Lakhs) each option when exercised would be converted into one Equity Share of Re. 1_/- (Rupee One) each fully paid-up.

Vested Option lapsed due to non-exercise and/or unvested Options that get cancelled due to resignation/ termination of the employee or otherwise, would be available for being re-granted at a future date. The Board/ Committee is authorized to re-grant such lapsed / cancelled Options as per the provisions of ESOP 2016, within overall ceiling.

Further, the SEBI Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the options granted. In this regard, the Committee shall adjust the number and price of the options granted in such a manner that the total value of the options granted under ESOP 2016 remain the same after any such corporate action. Accordingly, if any additional options are issued by the Company to the option grantees for making such fair and reasonable adjustment, the ceiling of 40,00,000 (Forty Lakhs) shall be deemed to be increased to the extent of such additional options issued.

c) Identification of classes of employees entitled to participate in ESOP 2016:

All the Permanent Employees (including Director, whether whole time or not but excluding independent directors) of the Company and its subsidiaries working in India or out of India shall be eligible to participate in the Plan. Provided however that the following persons shall not be eligible to participate in ESOP 2016:

a. an employee who is a Promoter or belongs to the Promoter Group as defined in the SEBI Regulations; or
b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Equity Shares of the Company; or
c. Independent Directors.

d) Requirements of vesting and period of vesting:

All the options granted on any date shall vest not earlier than **1 (one) year** and not later than a maximum of **5 (five) years** from the date of grant of options as may be determined by the Committee. The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable law and in the interest of the option grantee.

The vesting dates in respect of the options granted under the ESOP 2016 shall be determined by the Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of options granted to an employee.

Options shall vest essentially based on continuation of employment and apart from that the Committee may prescribe achievement of any performance condition(s) for vesting.

e) Maximum period within which the options shall be vested:

All the options granted on any date shall vest not later than a maximum of **5 (Five) years** from the date of grant of options as may be determined by the Committee.

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Himadri Speciality Chemical Ltd

f) Exercise price or pricing formula:
Exercise price shall be such price being not less than the face value of the equity shares of the Company as may be determined by the Committee.

g) Exercise period and the process of Exercise:
The Exercise period would commence from the date of vesting and will expire on completion **5 (five) years** from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time.

The vested Option shall be exercisable by the employees by a written application to the Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

h) Appraisal process for determining the eligibility of employees under ESOP 2016:
The appraisal process for determining the eligibility shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance, etc.

i) Maximum number of Options to be issued per employee and in aggregate:
The number of options that may be granted to any specific employee of the Company under the ESOP 2016, in any financial year and in aggregate under the ESOP 2016 shall not exceed 5,00,000 (Five Lakhs) Options.

j) Maximum quantum of benefits to be provided per employee under the ESOP 2016:
The maximum quantum of benefits underlying the options issued to an eligible employee shall depend upon the market price of the shares as on the date of exercise of options.

k) Route of ESOP 2016 implementation:
The ESOP 2016 shall be implemented and administered directly by the Company. In case Company wishes otherwise, it may be intimated to the members in due course as per applicable laws.

l) Source of acquisition of shares under the ESOP 2016:
The ESOP 2016 contemplates fresh/new issue of shares by the Company.

m) Amount of loan to be provided for implementation of the scheme(s) by the Company to the trust, its tenure, utilization, repayment terms, etc:
This is currently not contemplated under the present ESOP 2016.

n) Maximum percentage of secondary acquisition:
This is not relevant under the present ESOP 2016.

o) Accounting and Disclosure Policies:
The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments and/or any relevant Accounting Standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein.

p) Method of option valuation:
The Company shall adopt 'fair value method' for valuation Options as prescribed under Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

KOLKATA
Himadri Speciality Chemical Ltd

q) Declaration:
In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options and the impact of this difference on profits and on Earning Per Share ("EPS") of the Company shall also be disclosed in the Board's report.

Consent of the members is being sought by way of a special resolution pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

A draft copy of the ESOP 2016 is available for inspection at the Company's Corporate Office, 8, India Exchange Place, 2nd Floor, Kolkata – 700 001 from 10:00 a.m. to 01:00 p.m. on all working days (excluding Saturdays, Sundays and Holidays) till the date of the 24 September 2016.

None of the Directors, Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution, except to the extent of their entitlements, if any, under the ESOP 2016.

In light of above, members are requested to accord their approval to the proposed special resolution.

CERTIFIED COPY

CHAIRMAN/DIRECTOR/SECRETARY

Himadri Speciality Chemical Ltd
KOLKATA

For Himadri Speciality Chemical Ltd

Company Secretary
FCS: 8148

KOLKATA

Himadri

Annexure -7

List of Promoters as defined under the SEBI (Share Based Employee Benefits) Regulations, 2014.

Details of the Promoters/Promoter Group of the Company as on 30.09.2018:

Sr. No.	Name of the person/ entities	Category (Promoter/Promoter group/ Director)	PAN of the person/ entities	DIN - only in case of Directors
1.	SUSHILA DEVI CHOUDHARY	Promoter	ACBPC0408M	-
2.	SAROJ DEVI CHOUDHARY	Promoter	ACAPC2058G	-
3.	SHEELA DEVI CHOUDHARY	Promoter	ACPPC5982Q	-
4.	KANTA DEVI CHOUDHARY	Promoter	ABYPC0683L	-
5.	DAMODAR PRASAD CHOUDHARY	Promoter	ABYPC3543M	-
6.	BANKEY LAL CHOUDHARY	Promoter Director	ACAPC5678C	00173792
7.	VIJAY KUMAR CHOUDHARY	Promoter Director	ACAPC5679D	00173858
8.	SHYAM SUNDAR CHOUDHARY	Promoter Director	ACJPC4648K	00173732
9.	HIMADRI CREDIT AND FINANCE LTD	Promoter Group	AAACH8166K	-
10.	HIMADRI COKE AND PETRO LTD	Promoter Group	AACCH0031P	-
11.	HIMADRI INDUSTRIES LTD	Promoter Group	AAACH6475M	-
12.	HIMADRI DYES AND INTERMEDIATES LTD	Promoter Group	AAACH7634Q	-

For Himadri Speciality Chemical Ltd

(Bajrang Lal Sharma)
(Company Secretary)
FCS: 8148

Himadri Speciality Chemical Ltd KOLKATA

Place: Kolkata
Date:

Annexure-9

B S R & Co. LLP

Chartered Accountants

Godrej Waterside, Unit No. 603
6th Floor, Tower 1, Plot No. 5, Block - DP
Sector V, Salt Lake, Kolkata - 700091

Telephone: + 91 33 4035 4200
Fax: + 91 33 4035 4295

Private and confidential

To
The Board of Directors
Himadri Speciality Chemical Limited
(formerly known as Himadri Chemicals & Industries Limited)
23A, Netaji Subhas Road
8th Floor, Fortuna Tower
Kolkata -700 001

Dear Sir,

Independent Auditors' Certificate on implementation of Employee Stock Option Plan ("ESOP 2016") of Himadri Speciality Chemical Limited

1. This Certificate is issued in accordance with the terms of our agreement dated 19 February 2018.

2. We, the statutory auditors of Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited) ("the Company"), are required to provide an annual certificate on the implementation of the Himadri Employee Stock Option Plan 2016 (herein referred as "ESOP 2016"), as approved by the shareholders by way of special resolution at the Annual General Meeting ("AGM") held on 24 September 2016, in accordance with the terms of the ESOP 2016 and with corresponding provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, (herein referred as "SEBI Regulations"), as amended from time to time, issued by the Securities and Exchange Board of India ("SEBI"), and further in accordance with the terms of the aforesaid special resolution passed by the shareholders of the Company at the AGM.

Management's Responsibility

3. The Company's management is responsible for compliance of conditions for implementation of ESOP 2016 in accordance with the SEBI Regulations and the resolution passed by the members of the Company. This responsibility includes the design, implementation and maintenance of ESOP 2016 relevant to the compliance of the conditions. The Management's responsibility includes collecting, collating and validating data and designing, implementing and monitoring of the process suitable for ensuring compliance of the ESOP 2016 with the above mentioned SEBI Regulations.

4. Management is also responsible for maintaining the information and documents, which are required to be kept and maintained under the relevant laws and regulations and for providing all relevant information to the SEBI.

B S R & Co. LLP Chartered Accountants Kolkata

Registered Office: Kolkata

Auditors' Responsibility

5. Pursuant to the requirements of the Regulation 13 of the SEBI Regulations, we are required to certify, based on our work done, as to whether the implementation of ESOP 2016 is in accordance with the aforementioned SEBI Regulations.

6. We have not performed an audit, the objective of which is the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such an opinion.

7. We have conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Conclusion

9. Based on the examination of the books of account and other relevant records and documents produced to us and according to the information and explanations given to us by the Management of the Company, we certify that during the year ended 31 March 2018, the Company has implemented the ESOP 2016 in accordance with the SEBI Regulations and terms of the special resolution passed at the AGM.

Restriction on Use

10. This Certificate is issued solely for the purpose of compliance with Regulation 13 of the SEBI Regulations and placing at the ensuing Annual General Meeting of shareholders of the Company to be held on 4 September 2018 and may not be suitable for any other purpose. Accordingly, our certificate should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration Number: 101248W/W-100022

B S R & Co. LLP * Kolkata * Chartered Accountants *

Jayanta Mukhopadhyay
Partner
Membership Number: 055757

Place: Kolkata
Date: 13 August 2018

Himadri

Annexure-10

Confirmation from the company secretary that the new shares to be issued will rank pari-passu with existing equity shares in every respect including dividend

Reg: Application for In-principle approval pursuant to Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] for listing of 40,00,000 equity shares of Re 1-/ each to be issued to employees under "Himadri Employee Stock Option Plan 2016".

We confirm that the new shares proposed to be issued under the ESOP will rank pari-passu with existing equity shares in every respect including dividend.

Thanking you,

Yours faithfully,
For Himadri Speciality Chemical Ltd

Bajrang Lal Sharma
(Company Secretary)
FCS: 8148

Himadri Speciality Chemical Ltd
KOLKATA

Place: Kolkata
Date: 11/10/2018

Himadri Speciality Chemical Ltd
(Formerly known as Himadri Chemicals & Industries Limited) CIN: L27106WB1987PLC042756
Regd. Office: 23A, Netaji Subhas Road, 8th Floor, 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

Himadri

Annexure 11

Confirmation from the Company as per Annexure I

Application for In-principle approval pursuant to Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"] for listing of 40,00,000 equity shares of Re 1-/ each to be issued to employees under "Himadri Employee Stock Option Plan 2016".

This is with reference to the application made by the Company for the In- principle approval for listing of 40,00,000 equity shares issued under **"Himadri Employee Stock Option Plan 2016"** (**"Plan"**). In this regard, the Company hereby confirms that:

- No employee who is eligible to participate in the Plan is a promoter or belongs to the promoter group.
- No director of the company who is eligible to participate in the Plan, holds, either by himself or through his relatives or through any body corporate, directly or indirectly, more than 10% of the outstanding equity shares of the company.
- No award under the Plan is to be granted to any Independent Directors of the Company at any time in future, pursuant to the provisions of section 149(9) of the Companies Act, 2013 and Regulation 16(1)(b)(iv) of the Listing Regulations.
- The Board of Directors shall at each annual general meeting place before the shareholders a certificate from the auditors of the Company that the scheme has been implemented in accordance with these regulations and in accordance with the resolution of the company in the general meeting.
- The Board of Directors undertake inter alia, to disclose either in the Board's Report or in the annexure to the Board's Report, any material changes in the Plan and whether the Plan is in compliance with the regulations.
- Company undertakes to disclose the details as are required u/r 14 on the Company's website and a web link thereto shall be provided in the report of Board of Directors.

Thanking you,

Yours faithfully,

For Himadri Speciality Chemical Ltd

Bajrang Lal Sharma
(Company Secretary)
FCS: 8148

Himadri Speciality Chemical Ltd KOLKATA

Place: Kolkata
Date : 11/12/2018

Himadri

Annexure- 12

Reg: Confirmation whether options lapsed / forfeited will re-issued or not

This is in reference to the captioned matter. We would like to state that the ESOP Plan shall continue to be in force until the expiry of 5 (Five) years from the date of approval of the shareholders of the Company to the ESOP Plan by way of a special resolution ("Closing Date"). Options under the ESOP Plan can be made till the Closing Date and all Awards made to an Eligible Employee till this date shall remain live till they are vested, lapsed or otherwise cancelled in accordance with the provisions of the ESOP Plan. Provided however, the ESOP Plan can be terminated before the Closing Date on a date on which all the Shares underlying the options are available for issuance under the ESOP Plan have been issued or have lapsed and the Nomination and Remuneration Committee does not intend to re-issue a lapsed options or the Nomination and Remuneration Committee in its absolute discretion decides to terminate the ESOP Plan before the Closing Date. The term Closing Date shall therefore be construed accordingly. Further, please be noted that if an Option is lapsed, cancelled, forfeited, terminated or settled without issuance of Shares, then such options shall become available for future grant under the ESOP Plan unless the ESOP Plan stands terminated as detailed above.

For Himadri Speciality Chemical Ltd

Bajrang Lal Sharma
(Company Secretary)
FCS: 8148

Himadri Speciality Chemical Ltd KOLKATA

Place: Kolkata
Date: 11/10/2018

Annexure -8

Himadri

DEEPER ROOTS STRONGER SHOOTS

Himadri Speciality Chemical Ltd

(Formerly known as Himadri Chemicals & Industries Limited)

Annual Report **2017-18**

WHAT YOU WILL FIND INSIDE

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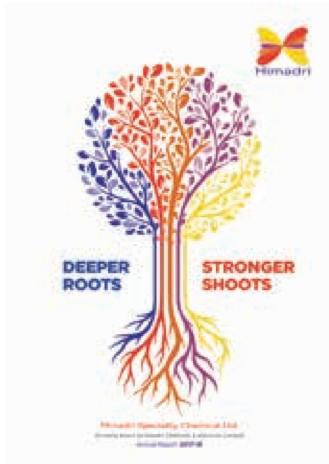


WHAT DOES THE COVER SIGNIFY?

WHAT WE SOW TODAY IS WHAT WE GET TOMORROW. AT HIMADRI, WE FIRMLY BELIEVE IN THIS ADAGE. WE HAVE DEFINED OUR STRONG FUNDAMENTALS AND GROWTH STORY WITH THE EXAMPLE OF A DEEP-ROOTED TREE, WITH STRONGER SHOOTS AND FRUITS. IT REFLECTS THE WHOLE PROCESS OF OUR ORGANISED INTEGRATED BUSINESS MODEL, WHILE CHARTING OUT OUR STORY OF INNOVATION, CHANGE, GROWTH AND SUCCESS WITH RESPECT TO A TREE AND ITS LIFECYCLE.

Access our annual report online:
himadri.com/performance

Or, scan to download

Disclaimer

This document contains statements about expected future events and financials of Himadri Speciality Chemical Limited, which are forward-looking. By their nature, forward-looking statements require The Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management's Discussion and Analysis Report of Himadri Speciality Chemical Limited's Annual Report for FY 2017-18.

A TREE FLOWERS FROM A SEED

A BUSINESS FLOWERS FROM AN IDEA

At Himadri Speciality Chemical Ltd (Himadri), innovation is our core strength. Backed by strong R&D and technology-led solutions, it has helped our business grow over the years.

₹ 2,021.52 Crores
Turnover as on 31 March 2018

₹ 450.00 Crores
EBITDA as on 31 March 2018

₹ 242.57 Crores
PAT as on 31 March 2018

70 %
Coal Tar Pitch Market Share

Investor Information

BSE CODE: 500184
NSE CODE: HSCL
BLOOMBERG: HCI IN
REUTERS: HMCH.NS

FIRM ROOTS POWERFUL CORE VALUES

Himadri

STRONG AND DEEP ROOTS GIVE SUSTAINABILITY TO A TREE. THEY FORM THE CORE STRENGTH BY SPREADING DEEPER AND WIDER

Himadri stands tall on its roots today. Our core values and principles form the foundational key that establishes a strong base for the Company.

Right from inception, our values and principles have been the guiding force behind our business. And today, they are one of the key contributors behind our success.

1990

Year of commencement

NURTURING BUSINESS FOSTERING GROWTH

THE BETTER A TREE IS NURTURED, THE BETTER IT GROWS

At Himadri, we have always believed that strong base acts like backbone that helps business grow consistently. Progress evaluation at regular intervals further helps in identifying the shortcomings and potential opportunities ahead.

Since inception, the Company has regularly re-evaluated its key strategies, operational structure and the mission and vision to build a sound base. The integrated business model has helped tap potential values across every business segment. Our continuous focus on research and development towards new product development has allowed us to establish a strong presence across the carbon value-added chain. The high-demand specialised product basket has further helped the Company to evolve into a global carbon conglomerate with long standing relations with customers. Besides, the Company is environmentally responsible through its zero-discharge plants. Thus, nurturing a wholesome growth and success.

DISTINCTIONS

- India's largest coal tar pitch and only integrated Carbon chemical company
- Setting up Asia's largest speciality carbon black unit
- India's only advance carbon material manufacturer, supplying material to be used for anode material in Lithium-ion batteries
- India's largest manufacturer of Naphthalene and SNF
- One of the few global manufacturers to have developed Zero QI pitch
- Over 170 specially-designed electric heated tankers as a dedicated fleet

Established leadership

- Coal Tar Pitch
- Carbon Black
- Naphthalene
- Sulphonated Naphthalene Formaldehyde (SNF)

Emerging leadership

- Advance Carbon Material
- Speciality Carbon Black

VISION

Himadri harbours a vision to become a global leader in speciality carbon products by adopting appropriate eco-friendly technologies and enhancing core capabilities through continuous product improvement, technical innovations and customer satisfaction.

MISSION

- To be company that constantly innovates new products and technologies in the field of Carbon
- To have an unrelenting customer focus while being customer's clear choice
- Be a company that attracts, develops individuals to build a proud Himadrian team
- Stay committed to a sustainable future and to improve the social, economic & environmental well-being of communities in the region of our operations

STRATEGICALLY LOCATED 8 MANUFACTURING FACILITIES

- Mahistikry - Hooghly (W.B.)
- Liluah I - Liluah, Howrah (W.B)
- Liluah II - Liluah, Howrah (W.B.)
- Falta SEZ Unit - Falta Special Economic Zone (W.B.)
- Korba - Korba (Chattisgarh)
- Vizag - Ancillary Industrial Estate, Visakhapatnam (A.P.)
- Sambalpur Plant - Sambalpur (Odisha)
- Gujarat - Vapi (Gujarat)

400,000 TPA

Coal Tar Distillation capacity

120,000 TPA

Carbon Black capacity

20MW

Power Plant – co-generation

68,000 TPA

SNF capacity

WE ARE EXPANDING

- Coal Tar Distillation
- Speciality Carbon Black
- Advance Carbon Material
- Power Plant

TPA – Tonnes per annum

The two power plants (12 MW and 8 MW) at Mahistikry are powered by gas produced during carbon black processing. This is clean and green power eligible for carbon credits.

During the year, Himadri has successfully developed a range of Speciality Carbon Black (CB) products by leveraging its R&D capabilities. These products find niche applications in moulded rubber goods, plastic master-batches, fibre, wire & cable, engineering plastics, films inks and coatings, among others.

FROM CONCEPTION TO FRUITION

Conception Beginning

1990
- Commissioned Coal Tar distillation plant in Howrah, West Bengal

1992
- Went public

1993 - 1999
- Commissioned a new unit at Visakhapatnam, Andhra Pradesh. Expansion of both plants

Sprouting Expansion

2000
- Himadri Ispat Limited merged with the Company

2004
- Established New Coal Tar distillation plant at Mahistikry, Hooghly, West Bengal

2005
- Expansion of Hooghly plant

2006
- Commercialised a by-product refining plant at Mahistikry, Hooghly, West Bengal

2007
- Established new pitch melting facility at Korba, Chhattisgarh

Seedling Product Diversification

2009
- Acquisition of SNF plant in Vapi, Gujarat
- Started production at Carbon Black Plant and started Power Plant at Mahistikry, Hooghly, West Bengal
- Creating an integrated complex at Mahistikry, Hooghly, West Bengal

2010
- Completed capacity addition at the coal tar distillation plant in Mahistikry, Hooghly, West Bengal

2011
- Recognised as an R&D centre from the Government of India
- Completed capacity addition for carbon black at Mahistikry, Hooghly, West Bengal
- Commissioned production of SNF at Mahistikry, Hooghly, West Bengal
- Established 100% export-oriented unit in Falta SEZ
- Established a coal tar pitch plant in China

Sapling
Scaling Up

2012
- Completed brownfield expansion of the power plant (from 12 Megawatts to 20 Megawatts)

2014
- Completed a brownfield project to enhance the Company's coal tar distillation capacity in India by 60%

Maturity

TRANSFORMATION AND VALUE-ADDITION

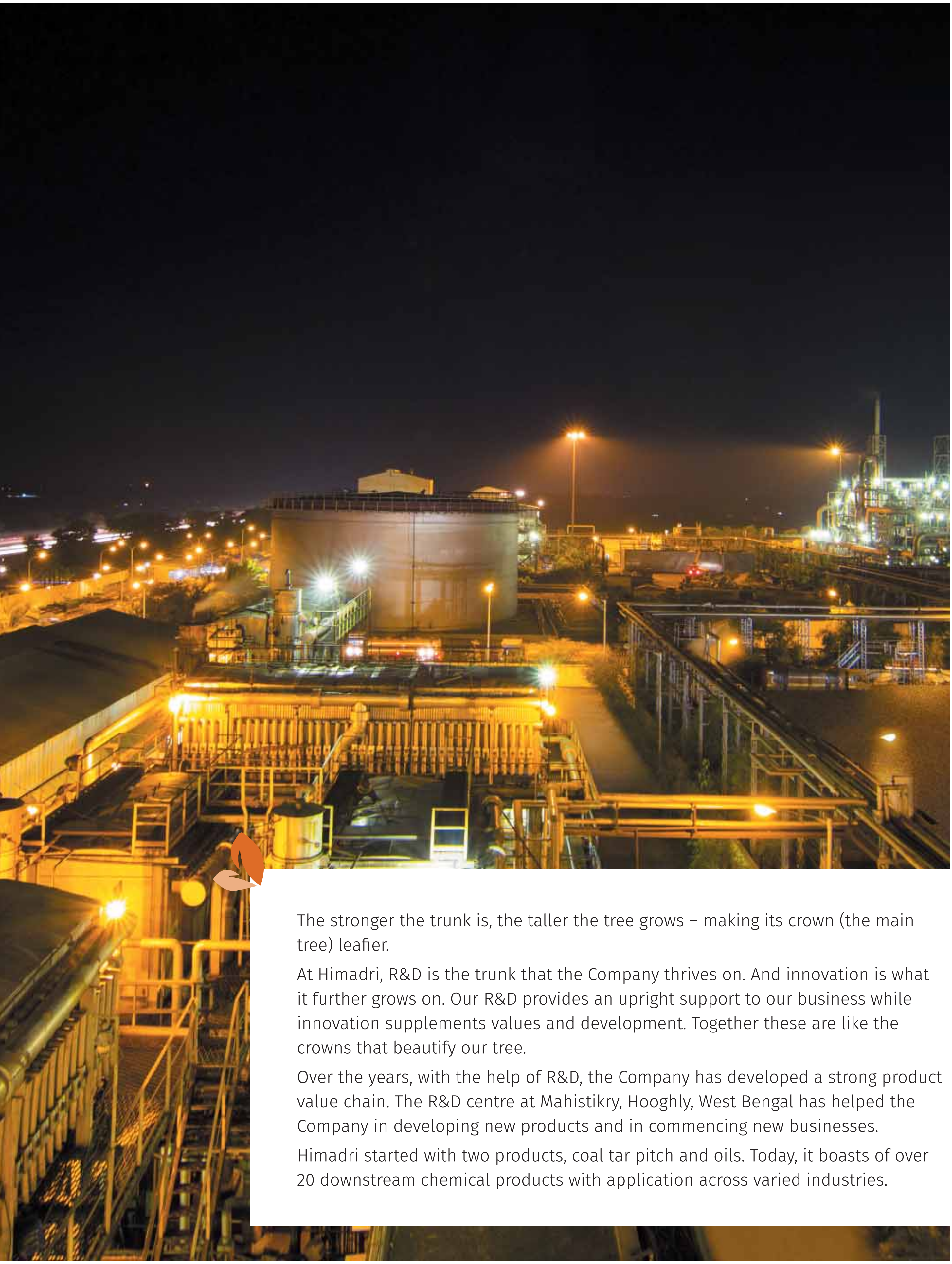
2016
- Transformed identity to Himadri Speciality Chemical Ltd to reflect the true nature of business
- Commenced pitch melting plant at Sambalpur, Odisha, over-hauled carbon black marketing; installed continuous furnace for advance carbon material at Falta SEZ

Fruition

ENHANCING EMPHASIS ON VALUE ADDED HIGH MARGIN PRODUCTS

2017 - 2018
- Commenced commercial operations for the pitch melting plant at Sambalpur, Odisha
- Setting up of manufacturing facility of Advance Carbon material (HSCP) at West Bengal
- Setting up of carbon black plant at West Bengal

STURDY TRUNK LEAFY CROWN



The stronger the trunk is, the taller the tree grows – making its crown (the main tree) leafier.

At Himadri, R&D is the trunk that the Company thrives on. And innovation is what it further grows on. Our R&D provides an upright support to our business while innovation supplements values and development. Together these are like the crowns that beautify our tree.

Over the years, with the help of R&D, the Company has developed a strong product value chain. The R&D centre at Mahistikry, Hooghly, West Bengal has helped the Company in developing new products and in commencing new businesses.

Himadri started with two products, coal tar pitch and oils. Today, it boasts of over 20 downstream chemical products with application across varied industries.

ONE PRODUCT – MULTIPLE VALUES

COAL TAR PITCH

Aluminium Grade Pitch

In pre-baked anode and soderberg in Aluminium manufacturing

Graphite Grade Binder Pitch

In Graphite electrode manufacturing

Graphite Grade Zero QI Impregnating Pitch

In Graphite electrode, nipple impregnation and UHP grade electrode manufacturing

Special Pitches

Used by DRDO

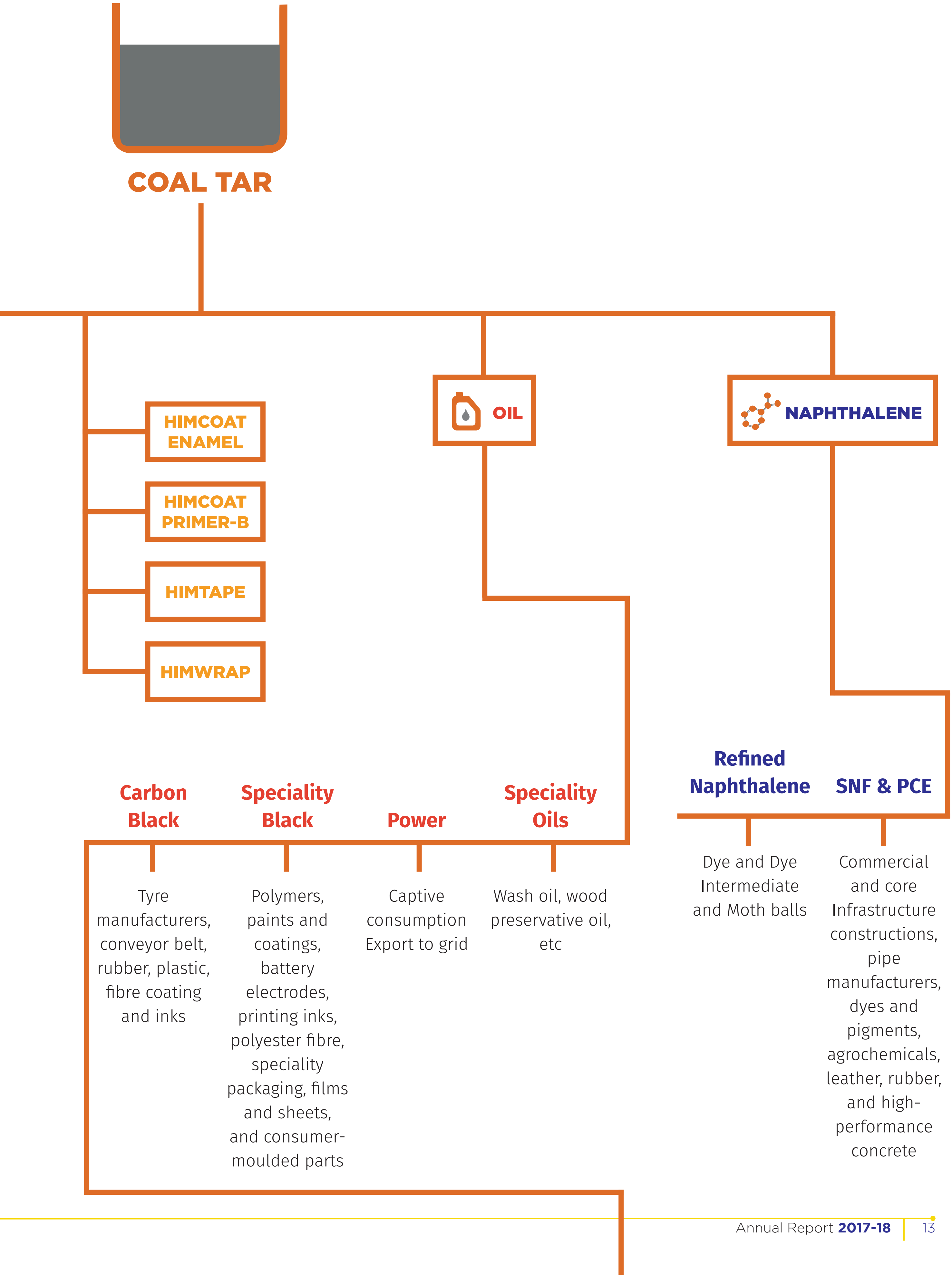
Other Pitches

In refractories, carbon paste, paints/ultra-marine blue and proofing, among others

ADVANCE CARBON MATERIAL

HSCP

Anode Material for Lithium-Ion Batteries


COAL TAR
HIMCOAT ENAMEL
HIMCOAT PRIMER-B
HIMTAPE
HIMWRAP
OIL
NAPHTHALENE
Carbon Black
Speciality Black
Power
Speciality Oils
Refined Naphthalene
SNF & PCE
Tyre manufacturers, conveyor belt, rubber, plastic, fibre coating and inks
Polymers, paints and coatings, battery electrodes, printing inks, polyester fibre, speciality packaging, films and sheets, and consumer-moulded parts
Captive consumption Export to grid
Wash oil, wood preservative oil, etc
Dye and Dye Intermediate and Moth balls
Commercial and core Infrastructure constructions, pipe manufacturers, dyes and pigments, agrochemicals, leather, rubber, and high-performance concrete

STRONG R&D AND INNOVATION = STRENGTHENED INDUSTRY LEADERSHIP

THE FRAGRANCE OF FLOWER TRAVELS IN THE DIRECTION OF WIND, BUT THE QUALITY OF OUR PRODUCT TRAVELS IN EVERY DIRECTION

Over the years, Himadri has attained industry leadership owing to its continuous R&D and innovation. We continuously develop and invest in new products, technologies and business models in the research-intensive area of advance chemicals. It provides with ways to improve the processes. R&D also allows us to recognise the needs of our customers to deliver tailor-made products. Our strong R&D has not only helped us to bring innovative products to India but is also powering our engine to create 'new to the world' products which are being marketed globally.

What do we have at our R&D?	Benefit
Best scientific minds – a world class team	Brings in expertise and experience to make R&D work
Strong techno-commercial team	Translates market trend / consumer needs into fungible requirements
Large knowledge bank	Enables creation of bench-scale products
World class laboratory for product development and application testing (most modern analytical and characterisation equipment)	Enables product development, impact assessment and quantification of benefits
Pilot scale manufacturing facilities	Translates bench scale products to pilot
Strong design capabilities for optimal plant design	In-house technological advancements
Process R&D and models (across processes such as energy efficiency, process debottlenecking, green processes)	Continuous process improvement
Innovation culture – Himadri has inculcated innovation into organisation culture through initiatives such as innovation awards, innovation committee, an environment which encourages creativity	Innovation from grassroots and constant focus on R&D

6
New grades introduced and commercialised in Speciality Carbon Black

6%
Reduction in energy consumption in certain processes

11%
Increased productivity of certain grades through debottlenecking

INNOVATION-DRIVEN ACHIEVEMENTS!

COAL TAR DISTILLATES

- Developed zero QI pitch –one of the few global manufacturers
- Developed special pitch which is used by DRDO
- Developed specialised binder pitch with better rheological properties (impacting the molecular structure of the pitch with better carbon-hydrogen ratios)
- Developed specialised pitch for UHP (Ultra High Power) electrodes for graphite industry
- Improved life of anodes through continuous process improvements

SULPHONATED NAPHTHALENE FORMALDEHYDE

- Developed next -generation product in PCE
- Developed application specific SNF for non-construction segment (agrochemical/ gypsum/ latex)
- Developed high quality speciality formulations with high water retention, providing high strength to concrete

CARBON BLACK

- Launched a series of application-specific Speciality Black with superior performance parameters which finds application in fibres, semicon cables, engineering plastics, inks and several other specialised applications
- Entered into different application industries like Fibre, Plastic, Inks and Coatings
- Developed conducting grade carbon black
- Modified reactors to deliver and cater to different grades
- Developed statistical process control techniques for consistent quality and improvement in overall yield
- De-bottlenecked key equipment for improving capacity utilisation of the plants
- Installed microscope and AHD/PHD analysers for particle size observation. This resulted in further improving the CB performance

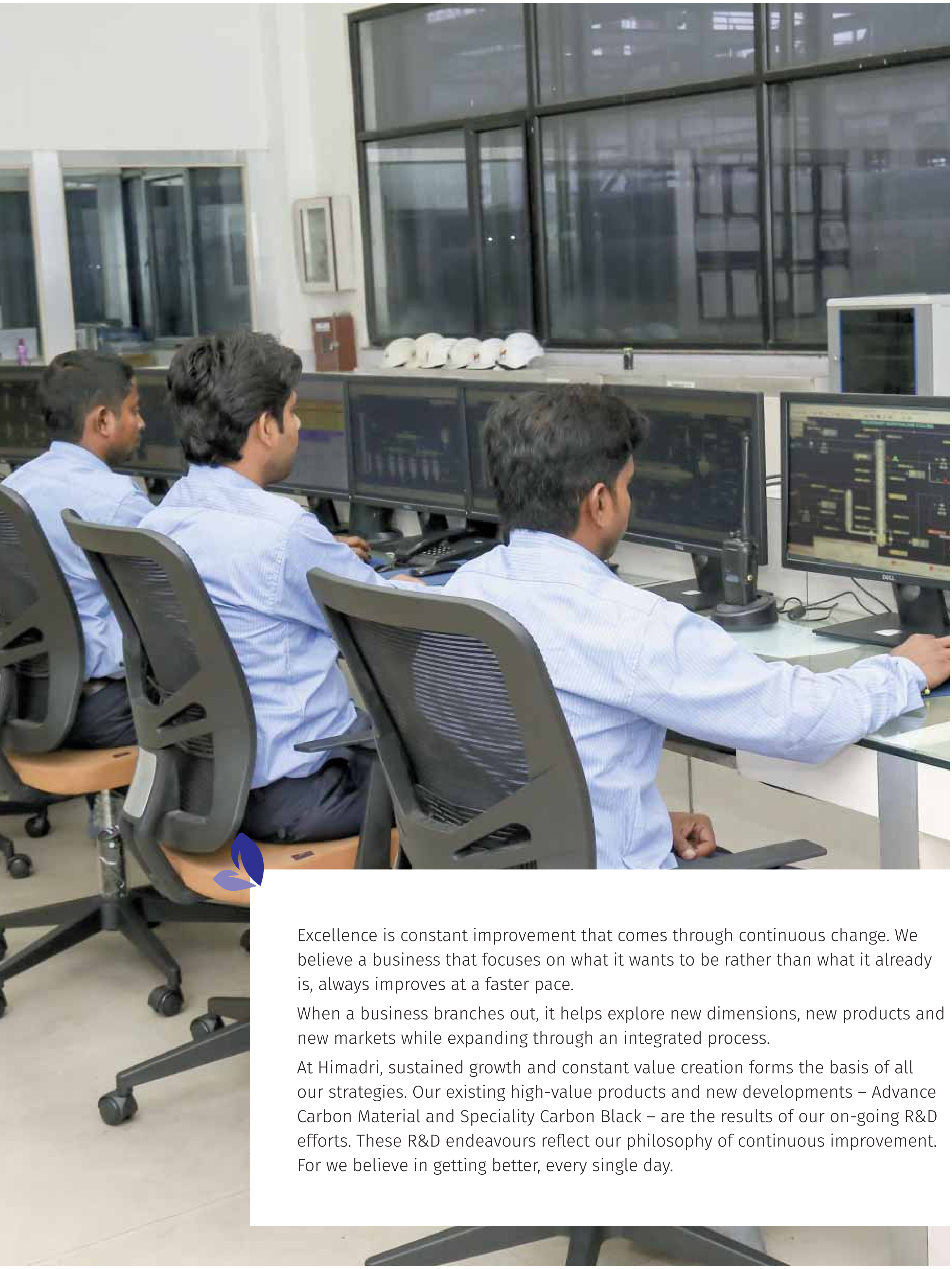
ADVANCE CARBON MATERIAL

- Only company in India with technology to manufacture raw material to be used as anode material for Lithium-ion Batteries
- High capacity and consistent material to cater to next generation of Lithium-ion batteries
- Developed in-house technology to manufacture high quality Advance Carbon Material

OILS

- Developed special creosote oils for wood applications
- Replaced petroleum-based solar oil for benzoyl recovery in coke oven battery
- Developed special CT oil without any impurities, resulting in cleaner and high value-added grades of carbon black with better yields

STRONGER SHOOTS SWEET FRUITS



Excellence is constant improvement that comes through continuous change. We believe a business that focuses on what it wants to be rather than what it already is, always improves at a faster pace.

When a business branches out, it helps explore new dimensions, new products and new markets while expanding through an integrated process.

At Himadri, sustained growth and constant value creation forms the basis of all our strategies. Our existing high-value products and new developments – Advance Carbon Material and Speciality Carbon Black – are the results of our on-going R&D efforts. These R&D endeavours reflect our philosophy of continuous improvement. For we believe in getting better, every single day.

ADVANCE CARBON MATERIAL

APPLICATIONS OF LITHIUM-ION BATTERY

ELECTRIC VEHICLES
Growing Market

- Forklift
- Cars
- Bikes
- Bus
- Golf Cart

CONSUMER ELECTRONIC AND DEVICES
Expanding Market

- Tablets
- Wearables
- Smart Phones
- Payment
- Personal Care
- Toys
- Phones
- Power Tools

ENERGY STORAGE
Growing Market

- Portable Energy Storage
- Stationery Energy Storage
- Portable Solar Energy Storage

Today, lithium-ion batteries are widely used in the fast-growing sectors like electric vehicles, consumer electricals like laptops, smart phones and power storage equipment. Electric Vehicles and Energy Storage sectors, being at the nascent stage, present huge growth potential.

We, at Himadri, backed by our home-grown technology and niche offerings, are geared up to tap and leverage the underlying opportunities from this space.

Anode Material

Himadri is the only Indian player manufacturing Advance Carbon Material and one of the very few global corporations to make anode material using Coal Tar.

SPECIALITY CARBON BLACK

The Company has forayed into Speciality Carbon Black – a segment that throws upon high growth potential. It has allowed the Company to diversify its customer base and strengthen its high margin value added product portfolio.

SPECIALITY CARBON BLACK – APPLICATION AREAS

Anything that is manufactured "Black" has "Carbon Black"

SPECIALITY BLACK APPLICATIONS

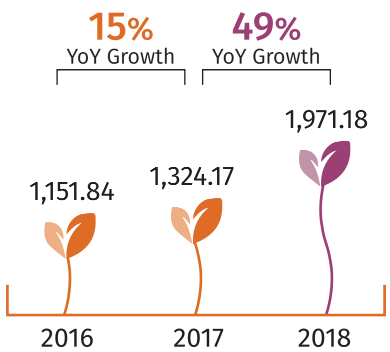
- Tyre Speciality
- Moulded Rubber Goods
- Plastic
- Fibre
- Wire & Cables
- Inks & Coatings

Focus segments for Himadri Speciality Blacks

Vision of Speciality Black and Advance Carbon Material:
To be amongst the top
5 global players

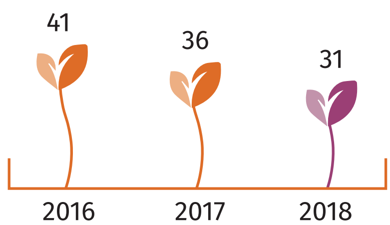
FINANCIAL PERFORMANCE SNAPSHOT

Net Revenue from Operations (₹ in Cr)

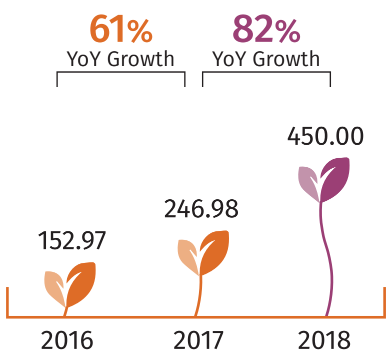


Increasing volumes and stronger realisation per MT has contributed to the better margins

Net working capital (% of sales)

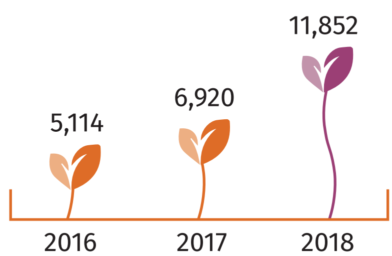


EBITDA (₹ in Cr)

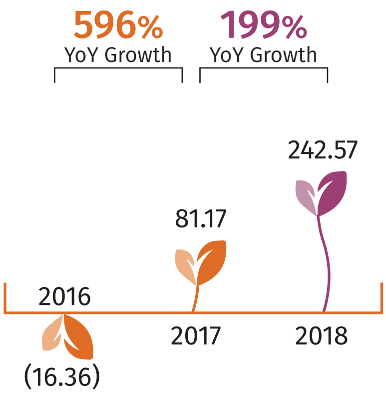


Stronger operational efficiencies and sale of high-margin value-added products are reflected in the EBITDA growth

EBITDA Per MT (₹)

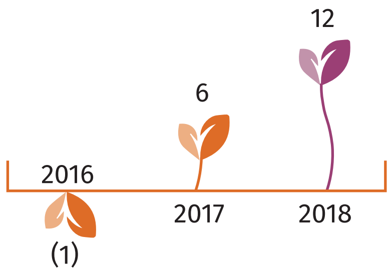


Net Profit (₹ in Cr)

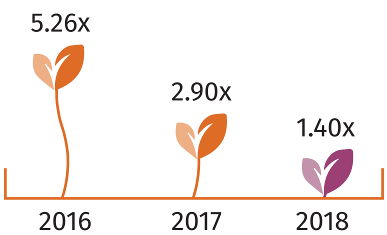


Higher EBITDA along with reduced interest burden (owing to debt repayment) has resulted in further improvement in profitability

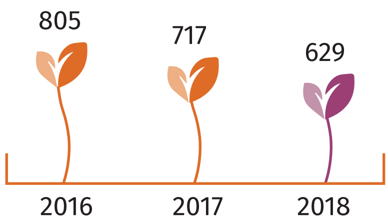
Net Profit Margin (%)



Net Debt to EBITDA

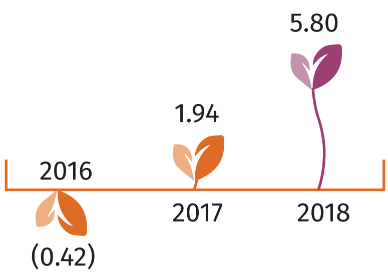


Net Debt (₹ in Cr)

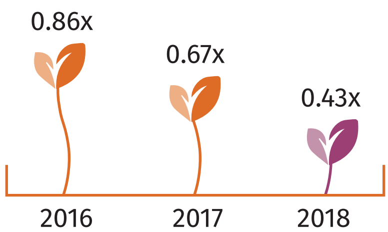


During the year, the Company continued to repay debt, thus paying off approximately ₹ 500 crores in the past four years

EPS (₹)



Debt Equity



FROM THE MANAGING DIRECTOR'S DESK

PROFILABLE GROWTH AND SUSTAINED VALUE - CREATION FORM THE HEART OF OUR STRATEGY

Dear Shareholders,

I sincerely appreciate and express my heartfelt gratitude for your continued support in all our endeavours. The year that went by was special for more reasons than one. Hence, I take this opportunity to share my thoughts and viewpoints on the last financial year.

2017-18 was a year that saw your Company emerging even more successful than before. Our increased revenues and profitability speak volumes of the same. The main factor that proved to be favourable for us is our value-added propositions in the speciality carbon chemical space that contributed to this growth.

In the previous fiscal, India couldn't take full advantage of the pick-up in global growth owing to transitory constraints from demonetisation and glitches in the implementation of GST. However, with the passage of time, the impact of demonetisation had waned out and GST issues started getting sorted. There was a marked improvement in investments and consumption which will further help India in retaining its position as the 'world's fastest growing large economy'. The central government's budgetary focus on rural housing and roads will transpire into building assets and creating jobs. Besides, the strong IIP numbers, revival in rural demand and increased infrastructure spending will continue driving the momentum.

The transformation is constant. Innovation allows us to keep reinventing ourselves to stay competitive.

The year went by was yet another validation of our distinctive passion and a reflection of our resolve to innovate. Since our inception, innovation has always been our top priority. Adaptation, revision and change - these three principles form the crux of our business. Consistent growth and sustained value – creation are the fuel we thrive on. Our strong research and development forte has built our foundation and allowed us to make remarkable breakthrough.

We have constantly refined our integrated manufacturing processes to stay competitive in the speciality chemical space. Our strengths include the balanced spectrum of our business activities, end-product applications and working closely with key customers.

Going forward the Company foresees strong breakthroughs across its new core – advance carbon material and speciality black. Our recent expansion in this segment will increase our share of value-added products and further strengthen our profitability.

We feel it is important to recognise the passion in people and give them a freehand autonomous environment to support innovation. This results in enhanced pride amongst employees. It lets our employees challenge their own assumptions and build a culture of constant innovation.

As a responsible corporate citizen, we are committed through our various interventions in education, skills development and environmental sustainability. We continue to adhere to highest level of compliance and governance and have always advocated fairness and transparency in our organisation. As we grow, we are adding a rich diversity and ensuring inclusiveness that makes us truly a global organisation.

At the end I would like to take this opportunity to thank all our employees for their dedication and commitment. I express my gratitude for the sound guidance and contribution of my fellow Directors as well as the Senior Management Team. As we continue to navigate our journey, let us together amplify our rich heritage, continue building a united approach, celebrate our diverse roots and be the leader to create value for all our Stakeholders.

Best Wishes,

Bankey Lal Choudhary

Managing Director

HIMADRI THROUGH YEARS OF EXTENSIVE R&D EFFORTS HAS DEVELOPED A UNIQUE BUSINESS MODEL, WHICH IS ONE OF ITS KIND IN THE WORLD

CEO'S PERSPECTIVES

What's your take on the year gone by?

Last year was quite remarkable! On one hand we maintained our leadership position in the coal tar pitch and carbon black. This was made possible through continuous innovations and value-additions. On the other hand we undertook new game-changing initiatives and achieved several technological breakthroughs in developing our new core - advance carbon material and speciality carbon black.

What have been the key performance highlights for 2017-18?

On the performance front, its been a good year:

- Income from operation increased 34.70%, from ₹ 1,471 crores in 2016-17 to ₹ 2,021.52 crores in 2017-18
- Volumes grew 6%, from 356,902 MT in 2016-17 to 379,679 MT in 2017-18
- EBITDA increased 82%, from ₹ 247 crores in 2016-17 to ₹ 450 crores in 2017-18
- EBITDA per MT strengthened 71%
- Net Profit increased 199%, from ₹ 81 crores in 2016-17 to ₹ 243 crores in 2017-18
- Total finance cost reduced 12% from ₹ 80 crores in 2016-17 to ₹ 70 crores in 2017-18
- Debt equity strengthened to 0.43x from 0.67x owing to debt repayment of ₹ 89 crores in 2017-18
- Net Debt to EBITDA has improved from 2.9x to 1.4x

Given that profit has increased by 199% last year, how sustainable are these numbers going ahead?

You have to understand that Himadri business is largely de–risked from external market movements. The growth in profit is not because of any cyclical considerations but is attributable to better product mix, higher capacity utilisation, focussed marketing and increase in high-value products in the portfolio. As can be seen, the growth levels are all sustainable.

Looking ahead, the demand of Coal Tar Pitch from aluminium industry is inelastic. Also, with continuous ramping up of capacity in aluminium sector, the demand is slated to grow further. Carbon black demand continues to remain strong. With naphthalene and SNF, India has a significant potential to replace imports in the country. With our new projects, the product mix will further change for better.

Please throw some light on the new projects of the Company?

We have two large capital projects underway - speciality carbon black and advance carbon material. Both the business lines are high technology and high margin products. We have a vision to be among the top 5 global players in next 5 years for both the business lines. Our strong R&D capabilities have given us an edge in these businesses and we are now operating at the cutting edge of global technology in carbon products. In advance carbon material, we are the only players in India and among very few globally to have developed this product. We are very excited about our new journey, its prospects and the path we have undertaken.

We are also in the process of scaling up our coal tar distillation capacity by 25% through debottlenecking

How do these businesses tie-up with future strategy of the Company?

These businesses are in perfect sync with our future strategy and strengths. Our growth drivers have been our expertise in carbon chemistry and our integration. Leveraging the above, we have built a very strong market presence in our existing products like coal tar pitch, carbon black, naphthalene, SNF etc which are the existing core businesses around which the Company has grown.

The new businesses leverage our strengths and provides the Company new cores to drive future growth. We are still leveraging one key raw material – coal tar, to drive higher value out of it. Our integrated operations mean that we have unparalleled advantage for speciality carbon black and advance carbon material globally. Our technical and research capabilities have made us one among very few companies globally to successfully develop these products. Given the nature of the products and their growing demand, they are perfectly positioned to become our new core drivers.

These businesses also provide us an opportunity to grow fast. Earlier, our overall growth was driven by aluminium and graphite electrode industry since they were the consumers of one of our major products out of coal tar distillation – coal tar pitch. However, with advance carbon material, our growth is now linked to lithium-ion batteries and electric vehicles.

What will be the impact of the new projects on the cash flow and debt levels of the Company?

Our current cash flows over next two years are adequate to fund the project capital requirements. We as a Company have reduced our debt levels by more than ₹ 500 crores over last 5 years and will continue to work towards reducing it further. At Himadri, we take a holistic view on the health of the Company with focus on balance sheet along with the profitability. We have brought down working capital to 31% of sales from a level of 55% over last 5 years. We will continue our efforts towards reducing our debt levels alongside our new projects.

Who are your peers in the industry and how does Himadri differentiate itself from its peers?

Himadri, business model revolves around Carbon Chemistry. Through years of extensive R & D efforts we have developed a unique business model, which is one of its kind in the world. With the kind of product integration we have done over the years no, other company in the world has been able to do. For different products we have different peers but there is no company other than Himadri which is manufacturing all the products as we are doing. The biggest strength of Himadri, lies in its unparalleled integration, which has been possible through years of R&D efforts. So, it will not be fair to compare any particular company with Himadri. Clearly, we have been able to develop a sustainable and growing business serving the core and sun rise sectors of economy at the same time.

Last couple of years has seen high volatility in global carbon product prices. How do you see it affecting our Company?

The volatility in carbon product prices over last few years along with prices of other products like chemicals and metals have been primarily caused by rationalisation of capacity in China due to strict implementation of environmental norms. Sustainable operations are extremely critical in today's world. This is important not just from social perspective, but determines the survival itself of the business. Himadri has been very cognizant of sustainability since its inception and we are proud of the steps we have undertaken over the years towards this. All our units are 'zero discharge' with no environmental emissions. We adhere to not just the Indian environmental norms but global emission norms and take a holistic approach towards business sustainability.

So, what has been your key success mantra over the years?

At the core of it, I believe our success is attributable to 'Himadrians' – our team at Himadri, who are our true assets. Our integrated business model provides a lot of resilience to our business while enabling us to capture value at all stages and give us cost advantages across the value chain. Our innovation and R&D capabilities and willingness to invest with a long-term view have been a key enabler in our successful addition of new products over the years. Today, we stand on a firm footing as the integration journey is progressing.

I have always believed that if one is 100% committed, success is assured. It is just a matter of time before you see the results. We have created a truly differentiated business model over the years and with our team, we are well poised for future growth.

OUR NURTURERS

AMIT CHOUDHARY
President Projects

ANURAG CHOUDHARY
CEO

TUSHAR CHOUDHARY
President Operations

MANAGEMENT DISCUSSION AND ANALYSIS

1) COMPANY OVERVIEW

Himadri Speciality Chemical Ltd is the largest integrated speciality carbon chemical manufacturer in India. As an established leader in India's coal tar distillation value chain, Himadri Speciality Chemical has always believed and harnessed the power of R&D and innovation. The Company has sowed seeds of Innovation since inception and continues to benefit from the harvest of newer and better products. As one of the leading players, the Company has built an integrated business model and is known for seamlessly adding value to its product chain and carving out a niche space for itself in the industry.

The Company manufactures an array of products, derived from coal tar distillation. In coal tar pitch (main product) Himadri enjoys a market share of 70% in India. In carbon black, the Company is the third largest

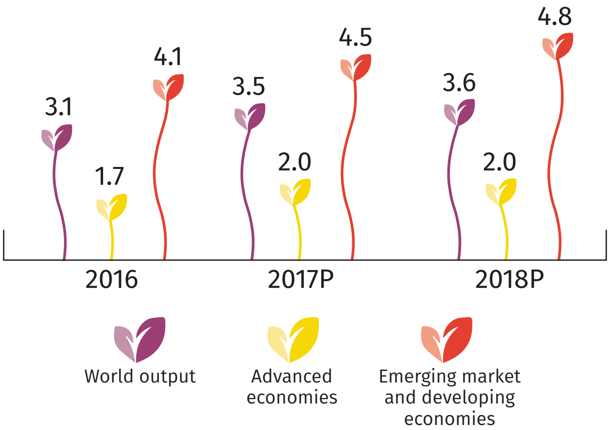
producer in the country. Himadri is also India's largest producer of sulphonated naphthalene formaldehyde (SNF). This is derived from naphthalene, which is another by-product of the coal tar distillation process. Himadri's integration across the value chain of coal tar distillation provides it a competitive advantage in terms of cost as well as product quality. The distinctive product portfolio is the outcome of innovation and inhouse research and development capability of the Company.

2) ECONOMY

Global

The IMF is bullish about the global economic prospects and expects the GDP to surpass the past projections to 3.6% in 2018. Amongst the advanced economies, the US has tweaked its fiscal policies and tax reforms - impacting the global economy positively. In Europe, the cyclical recovery helped maintain the growth momentum. Brexit was declared as a good decision by several economists. Apart from helping stabilise UK's economy, it also generated employment opportunities. The emerging markets and developing economies (EMDEs) continued to sustain its momentum. This was backed by favourable financing costs, rising profits and improved business sentiments.

Country/Region (%)



Source: IMF World Economy Outlook

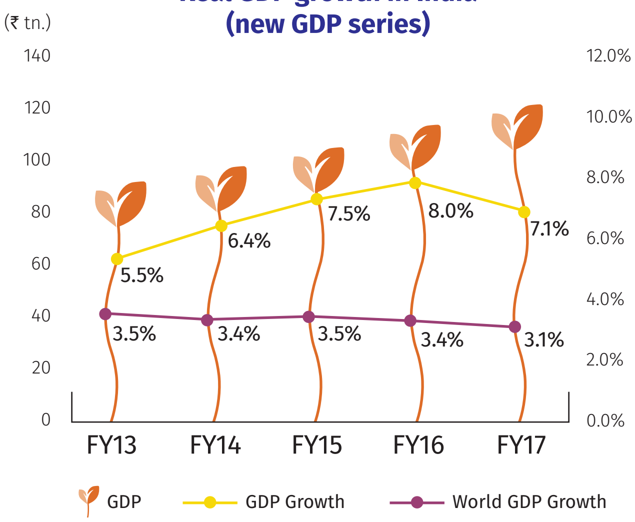
Although the world economy saw good growth, political discourse leaned towards trade protectionism. There has been rising speculation around rebalancing of trade surpluses, especially by USA – the economy that has gained the most from globalisation. Significant announcements were made by major world economies in the last quarter of FY 2017-18, increasing trade barriers to protect their domestic industries. If FY 2017-18 was a year of disregard for global rules, then FY 2018-19 will be the year to witness beginning of collective defence to have a rule based global trade.

Going ahead, the developments in the advance economy, emerging markets and developing economies will collectively contribute to the global uptrend. This forecast assumes an acceleration of activity in India with the implementation of structural reforms and a successful rebalancing of China's economy.

Indian

The Indian economy recovered significantly well despite the temporary disruptions posed by demonetisation and GST. The expected growth of the Indian economy fared better – going from 6.7% in 2017 to 7.3% in 2018. After several iterations from the Government, GST was normalised by the end of the 2017-18. Rising crude oil prices and its impact on related industries made inflation rate slightly higher. The country also witnessed strong Industrial Production Index (IIP) numbers. It saw an increase by 7.10% in February of 2018 as compared to February 2017.

Real GDP growth in India (new GDP series)



Source: Central Statistics Office (CSO), CRISIL Research

Outlook

The economic growth is projected to rise above 7%. This is on account of the efficiency-enhancing structural reforms undertaken by the Government, prediction of a favourable monsoon and increased public spending in the run-up towards the general elections. Notably, the GST will work in a number of ways:

- **Boost corporate investment**
- **Increase productivity**
- **Raise growth**

Creation of a single market and reduced capital equipment cost will make this possible. Going further, the recapitalisation of public banks and the new road plan will support investments immensely. The focus on 'Make in India' will continue driving the manufacturing sector. Besides, the Government's concerted effort towards improving the ease of doing business resulting in rank jump of 30 places will further support growth.

3) PRODUCT PORTFOLIO

Coal Tar Pitch

Coal tar pitch (CTP), is a complex carbon compound. In aluminium industry, which is the largest user industry of coal tar pitch, the quality of CTP impacts the purity of the metal produced. It also impacts the power consumption and the life of the anode.

Aluminium grade pitch:

Used as binder material for anode production in aluminium melting industry.

Binder for graphite industry:

Used in graphite electrode for electric arc furnace (EAF) for steel industry.

Impregnated pitch (Zero QI):

Himadri enjoys the status of being one of the few global producers of special grade zero QI impregnated pitch. This is ideal for the impregnation of graphite electrodes, nipples and production of UHP grade electrodes.

Special pitches:

Used as raw material for refractories, carbon paste, paints and waterproofing, pitch for defence industry among others. These pitches are manufactured to aid customer requirement.

Himadri's clientele incorporates all metal giants like Vedanta, Hindalco, Balco, Nalco, HEG and Graphite India. The Company's vast experience and technical know-how has been monetised with the development of multiple value-added grades of pitch. These find application in defence, refractory, ultramarine blue pigments, carbon paste and paints, among others.

YES, IT'S A FACT!

0.1 tonne of CTP

Required to produce 1 tonne of aluminium

0.44 tonne of CTP

Required to produce 1 tonne of graphite electrode

400,000 TPA

Distillation capacity of the Company

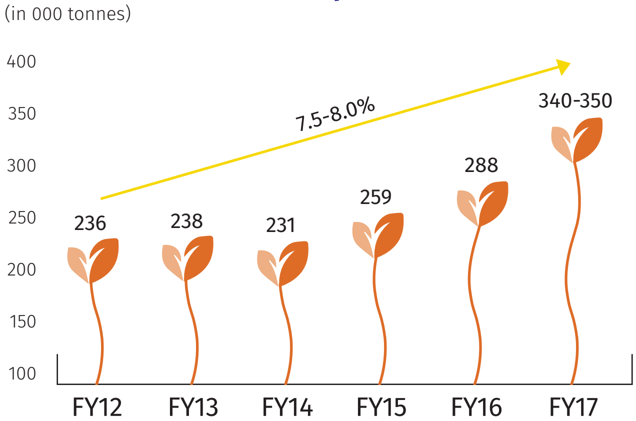
70 %

Market Share

CTP Industry

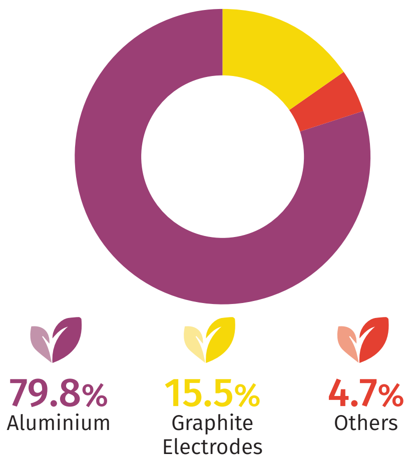
The domestic demand for coal tar pitch grew at a robust pace of 7.5-8% between 2012 and 2017. Aluminium industry is the key driver of the domestic coal tar pitch industry. This in turn drove demand for coal tar pitch. However, 2017 saw a significant rise in export demand. This can be accredited to shut down of plants in global markets.

Domestic consumption trend: Coal tar pitch



Source: CRISIL Research, Industry

Domestic consumption: By end users



Source: CRISIL Research, Industry

Aluminium Industry

The aluminium demand recorded a CAGR of 5.2% between fiscal years 2012 to 2017. India's aluminium capacity rose from 2.73 MMT in 2016 to 3.7 million metric tonne (MMT) in 2017, recording an increase of ~35%.

Graphite Industry

Graphite electrode is the only product, available commercially, that gives high level electrical conductivity. It can sustain extremely high heat that is generated during steel production. Approx. 1.7-1.9 kg of graphite electrode is needed to produce one tonne of steel; Graphite electrodes comprise two components primarily: needle coke and binder/impregnating pitch. The required volume of pitch depends on the electrode grade. However, typically 420-500 kg of binder pitch is needed for producing one tonne of graphite electrode.

Outlook

Domestic coal-tar pitch demand is expected to grow at a robust pace of ~10% CAGR between 2017-20. This will primarily be led by Aluminium Industry and Graphite Electrode industry.

During 2017-22, the aluminium demand is anticipated to post a good 8-9% compound annual growth rate. As key sectors, power, construction, automobile and consumer-durables together sum up for over 80% of domestic aluminium demand. This is said to aid growth. A demographic shift, seen in the manufacture of aluminium products to Asia, is said to be driving growth.

The domestic EAF steel production is expected to increase at a moderate pace of ~3% over 2016-17 to 2019-22 driven by existing manufacturers.

Himadri's Edge in CTP

- Sustainable operations are extremely critical in this industry. Himadri has zero discharge facilities with world class environmental norms ensuring long term sustainability

- CTP needs to be maintained at ~250°C – making imports extremely difficult and suitable logistics very critical; Himadri has a dedicated fleet over 170 electric heated tankers to transport liquid pitch at high temperatures

- The high cost of stopping and restarting aluminium smelters outcomes in running the same continuously. This translates into a steady and inelastic demand for high quality CTP irrespective of industry cycles

- Enjoys proximity to various coal tar sources

Carbon Black

3rd Largest

Manufacturer of Carbon Black in India

1.2 Lakh tonne

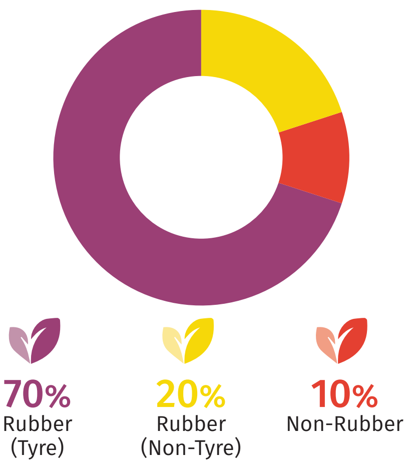
Installed capacity of carbon black

900 KTPA

Current domestic market size of carbon black

Carbon black is used to manufacture many rubber products like automotive tyres, printing ink, painting, paper and plastics. It imparts tensile strength, black colour and abrasion resistance to rubber.

Domestic Carbon Black consumption by application

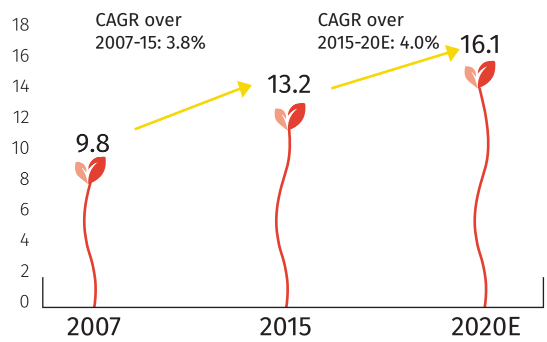


Source: CRISIL Research

Carbon Black Industry

In the year 2017, the Indian carbon black market was estimated to be ~ ₹42 billion. The demand for carbon black from the tyre segment grew by ~3%, whereas, the non-tyre rubber segment's demand was stagnant. The speciality black segment - 6% of the domestic consumption - grew at a moderate pace of ~6%.

Carbon black demand trend (%)



Source: Industry Reports, ICICIdirect.com Research

Tyre Industry

In India, tyre industry comprises ~70% of carbon black consumption - used as a pigment and reinforcing agent in automobile tyres. This helps increase tyre life. By volume, Carbon Black forms 22-27% of the tyre and 10-12% by cost.

Tyre demand arises either from the original equipment manufacturers (OEMs) or the replacement market. OEMs demand depends on the trend in vehicle production while economic growth, usage characteristics and replacement cycles collectively dictate the replacement market demand.

Factors like higher auto sales, improvement in utilisation of freight rate and increased profitability among transporters (due to higher GDP growth), the tyre sales are projected to record 6-8% CAGR between 2016-17 and 2017-2022. Under the passenger segment, higher disposable income is also expected to drive sales. Together, all of these will see a rise in the demand for carbon black.

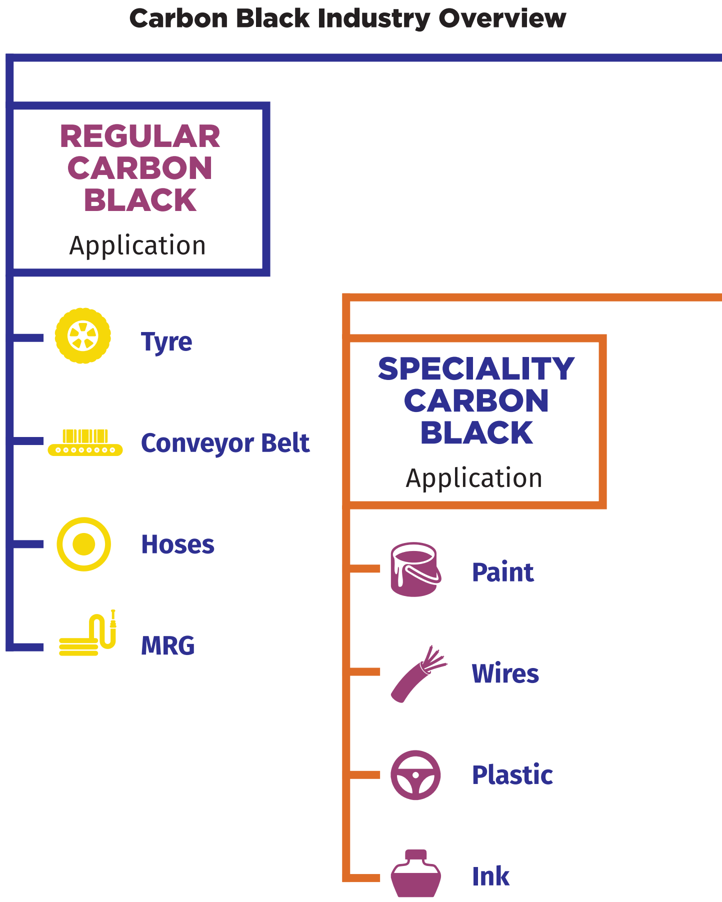
Non-tyre segment

The Speciality Black segment is expected to grow at 6-7% CAGR over the next five years with an overall consumption of 6% at 53-55 TMT. It finds usage in non-rubber applications of coatings, paints, inks, dyes and pigments, among others.

Himadri's Edge in Carbon Black

- **Solution provider with capability to supply tailor made carbon black for individual applications**
- **Lowest impurities in carcass and tread black**
- **Backward integration into cleanest feedstock**
- **Capability to produce ultra-high surface structure grades**
- **Proven track record in quality and delivery over last decade**

Products with applications in different Industries

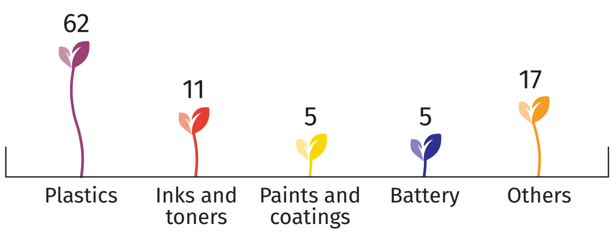


SPECIALITY CARBON BLACK

1,016 KTPA

Current global market size of speciality carbon black

Key end-use sectors (% Share)



Speciality Carbon Black finds its usage in various end-user industries like conductive polymers, paints and coatings, battery electrodes, printing inks, polyester fibre, speciality packaging, films and sheets and consumer-moulded parts.

Speciality Black Industry

Plastics segment makes for the largest market for speciality black. It includes various applications from commodity to extremely high-performance applications. The plastic segment accounts for 61-63% of speciality black's global demand. Of this, around 16% demands come from printing ink (mix of newspaper ink and high-value inkjet colorants), paints and coatings. Niche applications like batteries, adhesives, mulch, metallurgy, graphite and carbon products also use Speciality Black.

Driven by the plastics, paints and battery segment, the global demand for speciality blacks is expected to grow at ~3.4% CAGR from ~1,016KT in 2016 to 1,200 KT in 2021. Battery segment is expected to grow at a moderate pace of ~3.0% CAGR. This growth is to be driven by primary and rechargeable battery segments. Inks and other segments' demand might witness a lukewarm ~1.2% CAGR and ~2.7% CAGR, respectively.

Advance Carbon Material

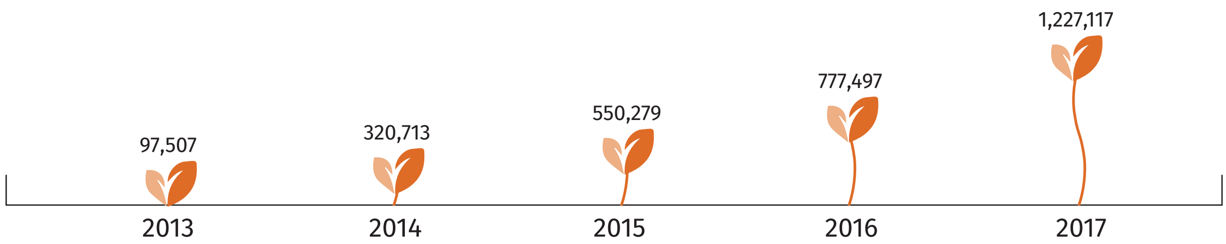
Advance Carbon Material (ACM) finds application as anode materials in lithium-ion batteries. With a rise in the demand for lightweight and high-energy density solutions, ACM is becoming the most competitive in the field of power applications for providing the highest energy density per weight.

Advance Carbon Material Industry

The global lithium-ion cell production was 120GWh in 2017 (source: Avicene Energy 2018). By the year 2025, this demand is projected to reach 450-500 GWh of battery cells. The market for these batteries has exceeded from ~6 GWh, a decade earlier, to 70GWh (Giga Watt Hours) in 2016. Popularity and demand of portable electronic goods like tablets, laptops, mobiles and smartphones are behind this growth.

The advent of electric vehicles (100% battery-powered) and growing consumer preference towards the same, and growth in energy storage devices will further pave way for a rise in demand for Li-Ion batteries.

Global EV Sales trend (Volume in units)



Source: insideevs.com

Application of Lithium-ion batteries (%)

CAGR 2017/2025
+19 % per year in volume

2017: > 120 GWh

26 Electronic Devices
20 Auto, E-bus Excl. China
37 Auto, E-bus China
5 Industrial, ESS
12 Others

2025: 490 GWh

10 Electronic Devices
24 Auto, E-bus Excl. China
52 Auto, E-bus China
5 Industrial, ESS
9 Others

Electric Vehicles

With the electric cars gaining extraordinary popularity globally, the new car registrations crossed 750,000 mark. State support plays a crucial role in popularising EVs. EVs have reached a 39.2% market share in Norway, 2.7% in Netherlands, 6.3% in Sweden and 2.2% in China, 1.7% in France & UK.

A rapid cost reduction in batteries, increase in energy density along with continuous improvement in technology is expected to further narrow the cost competitiveness gap between EVs and conventional internal combustion engines (ICE). At this pace of growth, there are high chances of electric cars stock reaching anywhere between 10-20 million vehicles by 2020 and between 40-70 million by 2025.

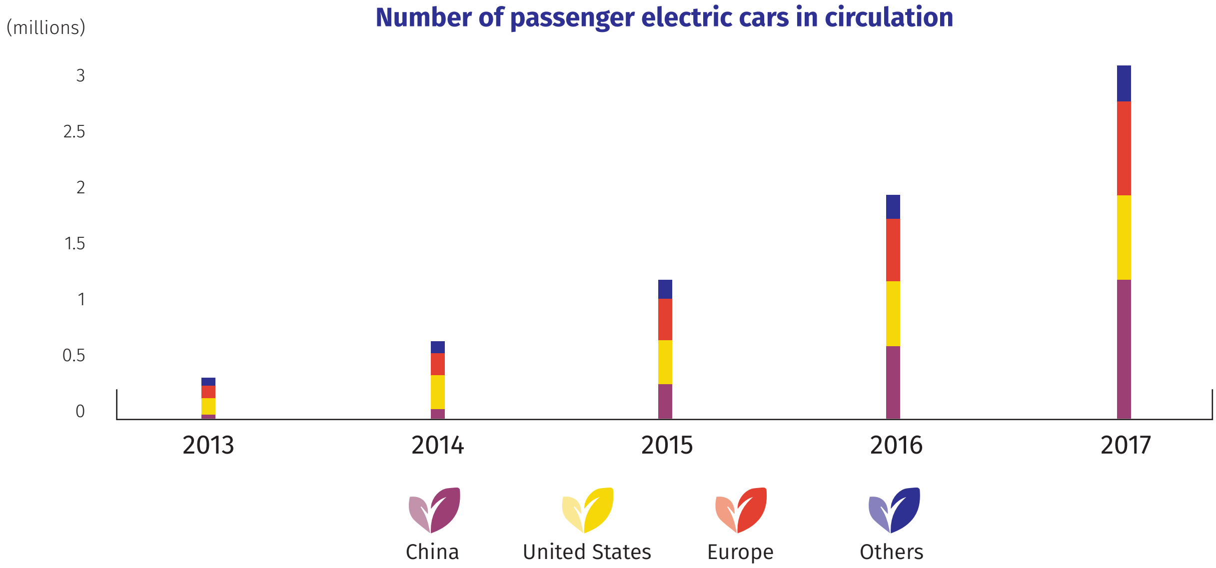
As per Chinese regulations, plugin hybrid electric vehicles and fully electric vehicles must make up 8% of all new vehicle production by 2018, rising to 10% in 2019 and 12% in 2020, thus helping increase demand.

As one of the only three producers of anode material through the coal tar route, Himadri is expected to benefit from the exponentially rising demand.

The Government's Initiative

The coming 4-5 years might see the Central Government replacing its entire fleet of 5.5 lakhs vehicles with electric vehicles. Government plans to double the mandatory local content in EVS to 70% in 3 years. The EV eco-system investments might get a good thrust due to this.

Number of passenger electric cars in circulation



Himadri's Edge in Advance Carbon Material

Himadri has emerged as the only Indian company to successfully manufacture advanced carbon material from in-house distilled coal tar. The Company produces anode material of both synthetic and natural varieties for lithium-ion batteries. Himadri is at an inflection point to become a key global player in the anode material space in next 5 years.

Naphthalene

Naphthalene is a white, volatile, solid polycyclic hydrocarbon with a strong mothball odour. It is mainly derived from two sources: coal tar and petroleum. About 90% of the global naphthalene is produced from coal tar and about 10% is derived from petroleum. Naphthalene finds application in dyes and dyestuff intermediates, tanning agents, super plasticiser manufacture, pharmaceuticals and disinfectants, among other uses.

Naphthalene Industry

The Indian domestic market for naphthalene anticipates an average of 4.5-5.5% growth rate during the financial year 2017-18. Significant quantity of Naphthalene and refined Naphthalene is imported from various countries at a considerable lower price which has direct adverse impact on the domestic industry. Government's support and intervention is required to create a level playing field and restrict dumping of these products in India.

Himadri's Edge in Naphthalene

Himadri sells both technical and refined naphthalene. Himadri also uses naphthalene to manufacture sulphonated naphthalene formaldehyde (SNF), with a capacity of 68,000 TPA. SNF is primarily used by construction sector. It helps increase the concrete strength and fluidity while reducing the cement consumption. It is also used as a dispersing agent in dyes, leather and agro industries.

Sulphonated Naphthalene Formaldehyde

SNF is a class of derivatives of sulfonic acid with a naphthalene functional unit. Naphthalene is mixed with sulphuric acid and formaldehyde at the desired temperature, and then treated with caustic soda solution to achieve the desired final product.

SNF is a unique super plasticising admixture that disperses cement particles and enables the rapid mixing of concrete. It finds extensive application in the building and construction sector. It reduces water requirements for a given workability, thereby reducing consumption of water and cement.

SNF Industry

Indian SNF demand is expected to witness ~5.5% CAGR over FY17 - FY22. India being an emerging economy, the use of SNF in construction is less as compared to the developed economies. The rapid transformation into urbanisation is expected to drive a major change in the current consumption pattern. The growth will be largely driven by construction spends and key Government initiatives like Smart Cities, PMAY, Swachh Bharat and AMRUT, among others.

Himadri's Edge in SNF

The use of SNF in India's chemical industry currently is only in 10% of construction activity. The global norm, on the other hand, is that of 40-50%. With a varied product portfolio in SNF itself, the Company has positioned itself to benefit from each direction. With a dominating share, Himadri is India's largest producer of SNF, with a market share of 50%, and is the only backward-integrated producer in India. To cater to the long-term demand, the Company has also widened the scope by widening its offerings.

4) RESEARCH & DEVELOPMENT

The Company's R&D Centre at Mahistikry (Hooghly, West Bengal) is recognised by the Government of India. The Company directs all its efforts towards developing new product formulations and satisfying market needs. With time, we have been able to reduce our product cost, improve quality and achieved better productivity. This has been possible with a constant focus on improvement of our products, processes and applications along with providing support to our manufacturing plants. Our research and development centres support our commercial development activities and manufacturing operations across all product segments.

Products: Our efficient R&D has helped develop products – making Himadri a leader in various spaces. The Company's new products help cater a vast industry.

Process: We constantly try to increase our facilities' productivity and efficiency aided by new process development. This in turn, helps produce value-added products with better realisations.

Technology: Our technology-led innovations help develop competency in coal tar pitch, carbon black, SNF and advance carbon material. The latest member joining the family being speciality black.

5) QUALITY

To continue as a clear choice for our customers, product quality is of paramount importance to us. Since inception, quality has topped our priorities. Our entire production process which is DCS based and also has cent percent emphasis on standard reference material testing on every shift ensures that we deliver on our product promise. The in-house processing and manufacturing enables the Company to better supervise quality control. This in turn helps mitigate short comings of any kind. Further, this helps the Company in making environment-friendly products and processes. These products and processes comply with the customer's and government norms. The Quality Assurance (QA) is supported by state of the art lab, which has received recognition from the Government. In order to ensure that the QA team remains abreast of the latest techniques, regular training is organised at NABL. Further multi skilling and job rotation was implemented to develop a flexible QA team. Regular quality control audits and documentation of lab practices in the quality manual ensure high-quality products. Regular audits and proprietary tests help maintain consistency in product quality. Various tests like MRI, CT Scan, C/H Ratio and wettability, among others, are carried out before delivery. This helps ensure consistency in the rheological and operational properties of the product. Further holistic maintenance of the lab equipment eliminates any chance of measurement error in the QA process. Together, these have helped Himadri in achieving best product and higher realisations on the catered products.

6) FINANCIAL REVIEW

Consolidated Highlights

The consolidated gross revenue from operations stood at ₹ 207,184.68 lakhs during 2017-18 as compared to ₹ 149,008.82 lakhs in 2016-17. EBITDA stood at ₹ 45,239.08 lakhs during 2017-18 as compared to ₹ 26,131.09 lakhs in 2016-17. Profit after tax stood at ₹ 24,759.76 lakhs during 2017-18 as compared to ₹ 8,243.82 lakhs in 2016-17.

Standalone Highlights

Standalone gross revenue from operations stood at ₹ 202,152.30 lakhs in 2017-18 as compared to ₹ 147,125.42 lakhs in 2016-17. Sales volumes increased by 6% y-o-y. EBITDA stood at ₹ 45,000.17 lakhs as compared to ₹ 24,697.96 lakhs in 2016-17. Profit after tax stood at ₹ 24,257.46 lakhs as compared to ₹ 8,117.37 lakhs in 2016-17.

Shareholders 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 stood at ₹ 4,184.08 lakhs as of 31 March 2018. The Company's reserve and surplus stood at ₹ 141,448.47 lakhs whereas the net worth is ₹ 145,632.55 lakhs.

Dividend

With the Board's decision of being consistent in terms of payment of dividend, the Board has recommended 10% (₹ 0.10 per share) dividend for the year 2017-18 to reward its shareholders. The dividend is paid out of its accumulated profits, subject to approval of members at the ensuing Annual General Meeting.

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, Union Bank of India Axis Bank, Citi Bank, IndusInd Bank, Yes Bank and IDBI bank. The Company has serviced these debts proactively.

7) HUMAN RESOURCES

People are at the heart of Himadri's vision to become a global leader in speciality carbon products We have continued to invest in building capabilities for better understanding of our customers, in research and development of innovative solutions, marketing and to provide collaborative platforms for employees to engage and share ideas. An underlying philosophy that shapes our employee policies is that we trust our people to do the right thing.

Himadri continues to maintain a progressive people environment, where purpose driven talent is attracted, engaged and motivated by a consistent, meritocratic HR framework. Himadri's entrepreneurial culture is aimed to encourage the young generation to play a vital role in the organisation's growth.

Himadri nurtures its people by placing great emphasis on learning and development, career progression and employee welfare. In its journey to become a learning organisation, Himadri has been immensely focused on developing individual and organisational learning agility.

Cascading of organisational goals using the Balanced Scorecard (BSC) helps to bring in role clarity and alignment at all levels, creating an empowering work environment. We provide employees opportunities to explore career mobility options within the organisation and within the Himadri Group. There is exposure to latest technology and forums for networking to strengthen subject matter expertise.

Organisation has taken conscious efforts to promote diversity of all forms including gender diversity. Extended maternity leave as well as flexible work hours for new mothers are some of our key initiatives for retention of women. Keeping in view of a substantial millennial workforce, Himadri has introduced marriage gift policy. Last year we also introduced flexi-benefits allowing employees to choose pay components to suit their lifestyle.

8) ENVIRONMENT, HEALTH AND SAFETY MEASURES

Himadri is subjected to various environmental laws and regulations. These laws are applicable to the production, use and sale of chemicals, emissions into the air, discharges into waterways and other releases of materials into the environment. Along with these, it is also applicable to the generation, handling, storage, transportation, treatment and disposal of waste material.

Our endeavour is to ensure safe and lawful operation of our facilities with respect to the manufacturing and distribution of products. We realise our duty as a responsible corporate and hence have invested and undertaken eco-friendly measures to make our plants 'Zero discharge plant'. It ensures control of all forms of discharge – solid, liquid or gas. The Company also consciously increased it green cover by planting appox. 5,000 saplings.

We conduct programs for the environmental and occupational safety and health compliance. We also organise periodic internal and external regulatory audits that help identify and categorise potential environmental exposures. These in turn aid in identifying problem areas that need to be addressed. Our safety, health and environment committee ensure security within and around all our facilities. To strengthen our Safety First Attitude, upgradation of Safety systems including implementation of Fire Detection System was carried out.

Sustained efforts in this direction have resulted in Company being bestowed by Awards of Excellence in both Safety and Environment by Greentech foundation. To sensitise employees on Key Health risks, Health talks and seminars by leading subject matter experts were organised. Reaffirming that prevention is better than cure, medical check-ups were organised for the benefit the entire workforce. Yoga and physiotherapy sessions were held to promote the overall well-being of the individual.

9) RISK MANAGEMENT

Himadri's risk management, based on the principles of Enterprise Risk Management (ERM), covers the Company's all operations. It forms an integral element of the Company's management and strategy processes. Risk identification, analysis and the planning of risk management measures are carried out as part of the Company's strategy process.

The Company's risk profile and management measures are regularly evaluated and updated. The Group has developed a financial model which is used to compare the risk bearing capacity of the Company against its risk portfolio.

Competition: Competition is inevitable in every industry. Whether from peers or the new entrants, but competition is something every business must face.

Mitigation Measures: The Company's large production integrated facility has helped it position itself in a way to face competition from large players. The Company's CTP manufacturing facility's proximity to the client's production unit makes Himadri a strategic vendor for the end-user company.

Transportation: Unavailability of raw materials can impact the operations of the Company, thus hampering productivity.

Mitigation Measures: Himadri, a strategic player in the industry, operates its own fleet of tankers. With a tanker base of more than 170, the Company ensures timely delivery and procurement. Liquid pitch needs to be transported at a temperature of more than 200 degree

Celsius. This makes imports uneconomical. Taking an advantage, the Company also owns a number of customised tankers catering the client's demand.

Quality: Quality maintenance is a big risk for the Company as it does not attract potential customers.

Mitigation Measures: The Company has its own distillation facility, enabling usage of raw material from the in-house production. Forward integration further enables the Company to develop and produce a rich quality base of value-added products. The quality rich products also retain the key customers ensuring customer loyalty and low marketing cost.

Market Presence: With strategic facility location, a company's presence in the market also matters.

Mitigation Measures: Himadri enjoys market presence for 28 years. This presence has reaped goodwill for the Company in the respected industry. Several aluminium and graphite companies in India have been customers of Himadri for the past 20 years. Maintaining this relation, the Company has set up 8 facilities across India from east to west, marking its presence in 5 Indian states.

Obsolete: The fear of obsolete itself is a big term. No company ever wonders of manufacturing obsolete goods.

Mitigation Measures: To overcome this, the Company has its own R&D centre at Mahistikry. This R&D department is constantly involved in the process of innovation. With a team of 42 researchers the Company develops rare and niche products and processes.

Environment risk: Being a speciality chemicals manufacturer, the Company is highly exposed to environment risks. Some of the major risks include - effluent discharge, harmful emissions, improper waste management and resource depletion, among others.

Mitigation measures: All the facilities of the Company have zero-discharge from environment perspective. The Company maintains a healthy track record when it comes to ensuring compliance with relevant.

10) INDUSTRIAL RELATIONS

Industrial relations form an integral part of any manufacturing firm. At Himadri we believe in embracing our relations with our main assets i.e. our workforce. This helps in swiftly continuing our operations without conflicts between the labours and the Company's management. Utmost care of all the employees across all levels is taken by means of motivation and training sessions. This provides a friendly environment to work in. During the year, employee relationships remained cordial through the adoption of productive and performance-based policies. The Company's non-stop production and progress is the proof how Himadri maintains its relations with labours.

11) SOCIAL WELFARE ACTIVITIES

We create value for our communities through multiple initiatives as part of our CSR programmes. Our CSR initiatives envisage meeting the existing and emerging needs of the community through the development of customised programmes and adopt an entire life-cycle approach. Employees voluntarily and actively are involved towards various CSR activities of the Company which are scheduled throughout the year.

Key CSR Programmes

Health

This programme focuses on Organising Free Eye Check-up Camps, Running Free Village Medical Centre around the year.

Free services rendered the village medical centre

6,162 Homeopathy Treatment

12,793 Eye Treatment

1,325 Pathological Investigation

471 Acupuncture Treatment

7,114 Spectacles Distribution

Eye check-up camps

a) *At Gangate village, Birbhum, West Bengal : December 2017*

b) *At village medical centre: January 2018*

Education

This programme aims to improve the accessibility and quality of secondary school education. We support expansion / extension of facilities in village school, free book distributions to needy school/ college students at the beginning of each Annual Academic Session, awarding prizes to meritorious village students annually every year.

Book distribution to village students: Academic Year 2018

Relevant school books were distributed to students in nearby primary and secondary schools.

Environment

Community members, school students and employees are engaged in plantation and cleanliness drive – raising environmental consciousness. Community members are also encouraged to use renewable energy products, which reduce carbon emissions.

Plantation activity on World Environment Day 2017

Infrastructure

To create better infrastructure in immediate communities' projects such as repair of village roads, building temples at adjoining villages at the request of local villagers have been executed. To alleviate scarcity of drinking water shortage, we have recently undertaken a drinking water project for inhabitants of adjoining villages.

Other Activities

The company also made contribution to old age homes and donated clothes, blankets and monthly groceries to home for destitute children.

Blanket Distribution at Gangate Village, Birbhum, West Bengal : Dec'17

12) STATUTORY COMPLIANCES

The Company secretary, as the compliance officer, ensures that the Company complies with SEBI Listing Regulations. The Chief Financial Officer, the Chief Executive Officer and the 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, 2013 SEBI directives and the Listing Regulations, the Company has appointed Internal Auditors to ensure reporting of any potential non-compliance. Compliance certificates are obtained from various managerial personnel, ensuring compliance with various statues.

13) INTERNAL CONTROL SYSTEM

At Himadri, the Board of Directors are responsible for ensuring and laying down the internal financial controls. It is also responsible for evaluating whether such controls are adequate and function effectively or not. 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 relation 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 and comprehensive internal control systems processes, rules, policies and procedures for effective monitoring and control of the entire Company operations 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.

CORPORATE INFORMATION

Chairman Emeritus
Mr. Damodar Prasad Choudhary

Board of Directors
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)
–Independent Director

Mr. Hardip Singh Mann
(DIN: 00104948)
–Independent Director

Mr. Santimoy Dey
(DIN: 06875452)
–Independent Director

Mr. Hanuman Mal Choraria
(DIN: 00018375)
–Independent Director

Mr. Santosh Kumar Agarwala
(DIN: 00364962)
–Independent Director

Mr. Suryakant Balkrishna Mainak
(DIN: 02531129)
–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

Mr. Bajrang Lal Sharma
– Company Secretary & Compliance Officer

Dr. Soumen Chakraborty
– President, Carbon Black Division

Mr. Monojit Mukherjee
– Business Head, Carbon Black Division

Mr. Somesh Satnalika
– Vice President, Strategy & Business Development

Mr. Santanu Chatterjee
– Senior Vice President, HR and Administration

Bankers
Axis Bank Limited
Bank of Baroda
Central Bank of India
Citi Bank, N.A.
HDFC Bank
HSBC Bank
ICICI Bank Limited
IndusInd Bank Limited
IDBI Bank Limited
IDFC Bank
Kotak Mahindra Bank
RBL Bank Ltd
State Bank of India
Standard Chartered Bank
Union Bank of India
Yes Bank Limited

Registrar & Share Transfer Agents
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
Web Site: www.skcinfo.com

Registered Office
Fortuna Tower
23-A, Netaji Subhas Road
8th Floor, Kolkata 700 001
Tel Fax : 91 (033) 22104261/62
E-mail: info@himadri.com
Web Site: 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

Auditors
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

Solicitors & Advocates
M/s Aquilaw
9 Old Post Office Street
8th Floor
Kolkata 700 001

Works
Unit number 1
58 N.S. Road, Liluah, Howrah (W.B.)

Unit number 2
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)

Sambalpur Unit
Kenghati, P.O. Jayantpur,
Sambalpur 768112

Falta (SEZ unit)
Falta Special Economic Zone
Sector - II, Vill - Simulberia, Falta,
Dist - 24 Pgs (South), West Bengal

Windmills
1. Village Amkhel, Taluka- Sakri, District Dhule, Maharashtra

2. Village Titane, Taluka- Sakri, District Dhule, Maharashtra

China Unit
Longkou, Shandong China

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present the 30th Annual Report of your Company, together with the Audited Financial Statements and the Auditors' Report thereon for the financial year ended 31 March 2018.

1. FINANCIAL RESULTS

The financial results of the Company for the financial year ended 31 March 2018 are summarized below:

Amount in ₹ Lakhs

Sl. No.	Particulars	Standalone		Consolidated	
		2017-18	2016-17	2017-18	2016-17
I.	Revenue from operations	202,152.30	147,125.42	207,184.68	149,008.82
II.	Other income	776.73	789.87	1,225.95	583.70
III.	Total income (I + II)	202,929.03	147,915.29	208,410.63	149,592.52
IV.	Expenses				
	Cost of materials consumed	133,249.40	88,052.80	137,370.32	87,458.98
	Changes in inventories of finished goods and work-in-progress	(771.63)	645.87	(845.30)	703.09
	Excise duty	5,034.56	14,708.21	5,034.56	14,708.21
	Employee benefits expense	4,663.10	3,585.39	4,839.16	3,730.54
	Finance costs	7,042.98	8,047.45	7,044.87	8,157.74
	Depreciation and amortisation expense	3,141.42	3,097.36	3,323.24	3,278.14
	Other expenses	14,976.70	17,438.08	15,546.86	19,089.24
	Total expenses (IV)	167,336.53	135,575.16	172,313.71	137,125.94
V.	Profit before tax (III-IV)	35,592.50	12,340.13	36,096.92	12,466.58
VI.	Tax expenses				
	Current tax	7,609.88	2,644.45	7,612.00	2,644.45
	Deferred tax	3,725.16	1,578.31	3,725.16	1,578.31
VII.	Profit for the year (V-VI)	24,257.46	8,117.37	24,759.76	8,243.82

2. PERFORMANCE HIGHLIGHTS

i) Financial Performance - Standalone

The Company achieved total Revenue from Operations of ₹ 202,152.30 lakhs for the year ended 31 March 2018 as against ₹ 147,125.42 lakhs for the year ended 31 March 2017 represented an increase of 37.40% on account of increased volume, improved product mix and better realizations. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/ (gain) and other income was ₹ 45,000.17 lakhs as compared to ₹ 24,697.96 lakhs for the previous year. EBITDA for the year is increased by 82.20% due to increased contribution, higher utilization of capacities and operational efficiencies. During the financial year 2017-18, the Company earned a profit after tax of ₹ 24,257.46 lakhs as compared to ₹ 8,117.37 lakhs in the previous year.

ii) Financial Performance – Consolidated

On consolidated basis, the total revenue from operations in the financial year 2017-18 increased by 39.04% to ₹ 207,184.68 lakhs from ₹ 149,008.82 lakhs in the previous year. EBITDA for the year, excluding the effect of foreign exchange fluctuation loss/ (gain) and other income, was ₹ 45,239.08 lakhs as compared to ₹ 26,131.09 lakhs for the previous year. EBITDA for the year is increased by 73.12% due to increased contribution, higher utilization of capacities and operational efficiencies. During the financial year 2017-18, the Company earned a profit after tax of ₹ 24,759.76 lakhs as compared to ₹ 8,243.82 lakhs in the previous year.

BOARD'S REPORT (Contd.)

3. REDEMPTION OF DEBENTURE

The Company, on 28 June 2010, had issued 1,000 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, as per terms of the issue, are redeemable at par on or after 7 years from the date of allotment, at the option of the either party. During the current year, the debenture holder has exercised its put option of redemption and accordingly these Non-Convertible Debentures have been fully repaid on 28 June 2017.

4. DEBENTURE REDEMPTION RESERVE (DRR)

In terms of Section 71(4) of the Companies Act, 2013 the Company has transferred a sum of ₹428.56 lakhs (previous year: ₹ 678.56 lakhs) to the credit of Debenture Redemption Reserve out of its current profits for the purpose of redemption of Non-Convertible Debentures issued by the Company.

5. DIVIDEND

The Board is pleased to recommend a Dividend of 10% (₹ 0.10 per share) on 418,407,867 equity shares of ₹ 1/- each for the financial year 2017-18 out of its current profits, subject to the approval of Members at the ensuing Annual General Meeting of your Company. The Dividend payout (including corporate dividend tax) will be ₹ 504.41 lakhs (previous year: ₹ 503.59 lakhs).

6. SUBSIDIARIES

The Company has an unlisted non-material wholly owned Indian subsidiary Company, Equal Commodeal Private Limited ('ECPL'). The Company also has two step down 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 of 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 the financial year 2017-18, no Company has become or ceased to be a subsidiary, joint venture or associate of the Company.

7. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Indian Accounting Standards (IND AS) 110 - "Consolidated Financial Statements" as notified by Ministry of Corporate Affairs and as per the general instruction for preparation of consolidated financial statements given in Schedule III of the Companies Act, 2013 and in compliance with the 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.

8. WINDMILLS

During the financial year 2017-18, the performance of the windmills at Dhule in Maharashtra remained satisfactory and it generated 3,139,620 kwh units of wind energy as compared to 3,646,615 kwh units in the previous year. The revenue generated by the windmills for the year remained at ₹ 160.24 lakhs as compared to ₹ 180.74 lakhs in previous year.

9. 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,Citibank N.A., Axis Bank Ltd, Yes Bank Ltd, IndusInd Bank Ltd, Union Bank of India, IDBI Bank Ltd, Bank of Baroda, Standard Chartered Bank, IDFC Bank, HDFC Bank, HSBC Bank, Kotak Mahindra Bank and RBL Bank Ltd. The Company has been regular in servicing these debts.

BOARD'S REPORT (Contd.)

10. 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 the financial year 2017-18 and those are as follows:

Facilities	Rating
Long-term Bank Facilities	CARE A+; Stable (Single A Plus; Outlook Stable)
Short-term Bank Facilities	CARE A1+ (A One Plus)
Non-Convertible Debentures	CARE A+; Stable (Single A Plus; Outlook Stable)
Commercial Paper	CARE A1+ (A One Plus)

11. CAPITAL EXPENDITURE

During the financial year 2017-18, the Company incurred capital expenditure on account of addition to fixed assets aggregating to ₹ 5,205.17 lakhs (including Capital work-in-progress and capital advances).

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

During the financial year, Mr. Santosh Kumar Agrawala (DIN: 00364962) and Mr. Suryakant Balkrishna Mainak (DIN: 02531129) have been appointed as Independent Directors by means of passing Special resolutions at the last Annual General Meeting of the Company.

During the financial year, Mr. Vijay Kumar Choudhary (DIN: 00173858) has been re-appointed as Whole-time Director by means of passing a Special resolution at the last Annual General Meeting of the Company.

The Board met 5 (Five) times during the financial year 2017-18 with the 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 are given separately in the attached Corporate Governance Report in terms of Section 134(3)(b) of the Companies Act, 2013.

During the financial year 2017-18, there was no change in the Key Managerial Personnel of your Company. However, the Board of Directors at its meeting held on 29 May 2018 has expanded the list of Key Managerial Personnel by designating certain senior managerial personnel as KMP.

13. 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.

14. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

15. 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 2018, 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

BOARD'S REPORT (Contd.)

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 profit 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;

16. 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 a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and Senior Management which inter-alia provides for the diversity of the Board and provides the mechanism for performance evaluation of the Directors and the said policy was mended from time to time and annexed herewith and marked as **Annexure I** forming part of this report.

17. LOANS, INVESTMENTS AND GUARANTEE

During the financial year 2017-18, the Company has not given any loans, made investments or provided any guarantee except a loan given of ₹ 2,421.41 lakhs to one of its wholly owned subsidiary Company, Equal Commodeal Private Limited, for its business purpose. However, the details of loans, investments made or guarantee given and subsisting as on the close of the financial year 2017-18 are provided in the notes to the financial statements.

18. EXTRACTS OF THE ANNUAL RETURN

The extract of Annual Return for the financial year ended on 31 March 2018, as required 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, in Form No. MGT-9 is annexed herewith and marked as **Annexure II** forming part of this report.

19. 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 Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and 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 III** and **Annexure IV** respectively forming part of this Report.

20. RISK MANAGEMENT (RISK ASSESSMENT AND MINIMIZATION PROCEDURE)

The Company has a Policy on Risk Management (Risk Assessment and Minimization Procedure) to identify various kinds of risk in the business of the Company. The Board and the Senior Management review the policy from time to time and take adequate steps to minimize the risk in business. There are no such risks which, in the opinion of the Board, threaten the existence of your Company. However, some of the risks which are inherent in business and type of industry in which it operates are elaborately described in the Management Discussion and Analysis forming part of this Report.

21. INTERNAL FINANCIAL CONTROLS

The Internal Financial Controls adopted and followed by your Company are adequate and are operating effectively which were reviewed by the Board and Audit Committee from time to time. The Board observed that during the financial year 2017-18, no material or serious observations have been received from the Internal Auditors of your Company regarding inefficiency or inadequacy of such controls.

BOARD'S REPORT (Contd.)

22. EMPLOYEE STOCK OPTION PLAN (ESOP)

Your Company has adopted the Himadri Employee Stock Option Plan ("ESOP 2016") for granting of options to eligible employees of your Company as approved by the Members of your Company at the 28th Annual General Meeting held on 24 September 2016. The applicable disclosures as required under the SEBI Guidelines as amended, and the details of stock options as at 31 March 2018 under the ESOP 2016 are set out in the attached **Annexure V** and forms part of the report

Grant of Options (Second Tranche) under "ESOP 2016"

The Nomination and Remuneration Committee at its meeting held on 8 May 2018 has granted further options of 2,695,000 to the eligible employees in second tranche pursuant to Himadri Employee Stock Option Plan ("ESOP 2016") at an exercise price of ₹ 140/- per share. These options shall vest after 1 year, and are exercisable within a period of five years from the date of grant upon satisfaction of vesting conditions.

23. AUDITORS AND AUDITORS' REPORT

- **Statutory Auditors**

  M/s B S R. & Co. LLP, Chartered Accountants, (Firm registration no. 101248W/W-100022) the Statutory Auditors of the Company were re-appointed at the last Annual General Meeting held on 22 September 2017 for second term of five years commencing from the conclusion of the 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting to be held for the financial year 2021-22, subject to ratification of the appointment at every Annual General Meeting.

  In accordance with the Companies (Amendment) Act, 2017 with effect from 7 May 2018, the ratification of appointment of Statutory Auditors at every Annual General Meeting has been done away with, therefore the necessary resolution seeking consent of the members for ratification of appointment of statutory auditors will not be placed at the ensuing Annual General Meeting of the Company.

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

- **Secretarial Auditor**

  Pursuant to the 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 the financial year 2017-18. The Secretarial Audit Report, pursuant to Section 204(1) of the Companies Act, 2013, for the financial year ended 31 March 2018 is given in **Annexure VI** attached hereto and forms part of this Report.

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

- **Cost Auditor**

  Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, as amended, the Board of Directors at its meeting held on 29 May 2018, and upon recommendation of the Audit Committee, appointed Mr. Sambhu Banerjee, Cost Accountant, as Cost Auditor of the Company to conduct the audit of the cost records of the Company for the financial year 2018-19. The Company has received necessary consent from Mr. Sambhu Banerjee, Cost Accountant, to act as the Cost Auditor of the Company for the financial year 2018-19 along with the certificate confirming that his appointment would be within the limit as applicable.

  As required under the Act, the remuneration payable to Cost Auditor is required to be ratified by the Members of the Company at the ensuing Annual General Meeting. Accordingly a Resolution seeking approval of members for ratification of payment of remuneration is included in the Notice convening the Annual General Meeting of the Company.

BOARD'S REPORT (Contd.)

24. 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: https://www.himadri.com/pdf/corporate_governance/policy_on_vigil_mechanism.pdf

25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo for the financial year 31 March 2018, 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 VII** forming part of this Report.

26. RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on the Materiality of and Dealing with Related Party Transactions in terms of Regulation 23 of the SEBI Listing Regulations and the said Policy is posted on the Website of the Company and during the financial year 2017-18 there were no transactions with related parties which qualify as material transactions under the SEBI Listing Regulations.

All the Related Party Transactions 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 its related parties except Wholly Owned Subsidiaries. The details of the related party transactions are disclosed as per Indian Accounting Standard (IND AS) – 24 and set out in note 40 to the Standalone financial statements forming part of this annual report.

The disclosure of material related party transactions entered in the ordinary course of business during the financial year 2017-18 with its wholly owned subsidiary company as required to be made under Section 134(3)(h) read with Section 188 (2) of the Companies Act, 2013 in form AOC-2 is given in **Annexure VIII** forming the part of this report.

27. 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 constituted by Mr. Santimoy Dey, Independent Non-executive Director, Mr. Sakti Kumar Banerjee, Independent Non-executive Director and Mr. Shyam Sundar Choudhary, Executive 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 link: https://www.himadri.com/pdf/corporate_governance/policy_on_corporate_social_responsibility.pdf

During the financial year 2017-18 the Company was required to expend a sum of ₹ 57.07 lakhs towards CSR expenditure pursuant to Company's CSR Policy, however, the Company could expend a sum of ₹ 33.03 lakhs and there was a shortfall of ₹ 24.04 lakhs.

The Company's CSR initiatives usually involve setting up the foundation of various programs on a small scale, to get experience from on-ground realities and to get feedback from the concerned community, and then putting an enhanced sustainable model to ensure maximum benefit to the community. The CSR Committee has been continuously focused on providing social benefits to the society in its true sense and the shortfall will be added to the CSR expenditure for the current financial year.

BOARD'S REPORT (Contd.)

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 IX** forming part of this report.

28. 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 Committees, has evaluated the performance of the entire Board, its Committees and individual directors. All the members of the Board and its Committees met the criteria of performance evaluation as set out by the Nomination and Remuneration Committee.

29. PUBLIC DEPOSIT

During the financial year 2017-18, 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 pursuant to Rule 8 (5)(v) & (vi) of Companies (Accounts) Rules, 2014, is not applicable to the Company.

30. 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.

31. TRANSFER OF UNCLAIMED DIVIDEND TO IEPF

During the financial year 2017-18, the Company pursuant to provision of Section 124 of the Companies Act, 2013 has transferred a sum of ₹ 488,148 to the Investor Education & Protection Fund, the amount of dividend which was unclaimed/unpaid for a period of seven years for the financial year 2009-10. The Company sends reminder letters to the Shareholders from time to time for claiming their unpaid dividend.

32. TRANSFER OF SHARES TO IEPF

The Company pursuant to the provisions of Section 124(6) of the Companies Act, 2013 has transferred 2,538,240 shares to the credit of IEPF Account of those shareholders whose dividend remained unclaimed for a consecutive period of seven years from the financial year 2008-09.

33. 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 Practising Company Secretary confirming compliance, is annexed herewith and marked as **Annexure X** forming part of this report.

34. 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.

35. COMMITTEE ON BUSINESS RESPONSIBILITY REPORTING

Himadri is deeply committed to growing the business responsibly with a long-term perspective, as well as to the nine principles enshrined in the National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business, as notified by the Ministry of Corporate Affairs, Government of India, in July 2011.

The Board has constituted a "Business Responsibility Report (BRR) Committee" on 29 May 2018, consisting of 1) Mr. Anurag Choudhary, CEO 2) Mr. Kamlesh Kumar Agarwal - CFO 3) Mr. Monojit Mukherjee, Business Head (CBD) 4) Mr. Somesh Satnalika, Senior Vice President (Strategy & Business Development).

BOARD'S REPORT (Contd.)

Scope of the Committee

- To review the BRR Policy from time to time and to make modifications required if any;
- To monitor the preparation of the BRR Reporting in the format as prescribed by the SEBI;
- To do all other acts and things which are incidental to the BRR Reporting;

The Board shall review the performance of the Committee as well as BRR Policy on annual basis.

36. BUSINESS RESPONSIBILITY REPORT (BRR)

The Business Responsibility Report (BRR) of the Company as required pursuant to the Regulation 34 (f) of the SEBI Listing Regulations, annexed herewith and marked as **Annexure XI** forming part of this report and the same is also available at Company's website at www.himadri.com

37. LISTING ON STOCK EXCHANGES

The Company's 418,407,867 equity shares of ₹ 1/- each are continued to be listed on the BSE Limited (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 on private placement basis aggregating ₹ 15,000 lakhs continue to be listed at BSE and the Company has been regular in the remittance of the listing fee to the concerned exchange for such debentures.

38. DEMATERIALISATION OF SHARES

There were 413,420,772 equity shares of the Company held by the shareholders in dematerialised form as on 31 March 2018, representing 98.81% of the total paid-up share capital of the Company consisting of 418,407,867 equity shares of ₹ 1/- each.

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).

39. E-VOTING FACILITY AT AGM

In terms of Regulation 44 of SEBI Listing Regulations and in compliance with 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 (as amended), the Items of Business specified in the Notice convening the 30th Annual General Meeting of the Company may be transacted through electronic voting system and for this purpose the Company is providing e-Voting facility to its' members whose names will appear in the register of members as on the cut-off date (fixed for the purpose), for exercising their right to vote by electronic means through the e-Voting platform to be provided by National Securities Depository Limited (NSDL). The detailed process and guidelines for e-voting has been provided in the notice convening the meeting.

40. INTERNAL COMPLAINT COMMITTEE

The Company has an Internal Complaint 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 made thereunder.

BOARD'S REPORT (Contd.)

During the financial year 2017-18, the committee submitted its Annual Report as prescribed in the said Act and there was no complaint as regards sexual harassment received by the Committee during the year.

41. AWARDS & RECOGNITIONS

The Company received the Global Recognition at the League of American Communication Professionals and its annual report has been ranked 22nd among the top 100 Annual Reports globally and the Company has also been Conferred Platinum Award in the core industry group. In addition, the Company has been recognised for Awards & Achievements as follows:

- 18th Annual Greentech Environment Award
- World's 100 Greatest Brands 2017-18 Asia & GCC
- Mr. Anurag Choudhary, CEO, recognized as "World's 100 Greatest Leaders 2017-18"
- Mr. Anurag Choudhary, CEO, received Asia Pacific Entrepreneurship Awards (APEA) India
- Recognized as Star Export House by Ministry of Commerce, Govt. of India
- India's Best Company of the Year Award 2017
- 16th Annual Greentech Safety Award

42. ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the continued support and cooperation extended to the Company by its bankers, customers, vendors, suppliers, dealers, investors, business associates, all the stakeholders, shareholders, debenture holders and various departments of the State and the Central Government.

Your directors also express their thanks to all the employees and officers of the Company for their dedication and hard work and for achieving excellent growth of the Company.

For and on behalf of the Board

	Sd/-	Sd/-
	Bankey Lal Choudhary	**Shyam Sundar Choudhary**
Place: Kolkata	*Managing Director*	*Executive Director*
Date: 29 May 2018	(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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations'), 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 Regulations. In order to comply with the provisions of the Companies Act, 2013 and the amended Listing Agreement from time to time, the Board on 13 November 2013 changed of the nomenclature of the "Remuneration Committee" as "Nomination and Remuneration Committee" and further the same was re-constituted on 11 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 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI Listing Regulations').

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 Speciality Chemical Ltd (Formerly Known as 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, SEBI Listing Regulations and/or any other SEBI 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 make 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 Speciality Chemical Ltd (Formerly Known as Himadri Chemicals & Industries Limited)"

ANNEXURE I
of the Board's Report (Contd.)

"**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 Regulation 16 of SEBI Listing Regulations;

"**Key Managerial Personnel**" (KMP) means persons referred to in Section 2(51) of Companies Act, 2013;

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

(ii) Company Secretary;

(iii) Whole-time Director;

(iv) Chief Financial Officer;

(v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and

(vi) 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 Regulations.

"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.

[2]"**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 chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer:

An Organisational Chart defining the Core Management Team and managerial personnel "one Level below the chief executive officer/ managing director/whole time director/ manager" 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

ANNEXURE I
of the Board's Report (Contd.)

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/Whole time Director/Executive 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 Executive 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

ANNEXURE I
of the Board's Report (Contd.)

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 Director

1. 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.

2. Minimum Remuneration

If, in any financial year, the Company has no profits or its profits are

ANNEXURE I
of the Board's Report (Contd.)

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.

3. **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.

4. **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.

ANNEXURE I
of the Board's Report (Contd.)

[2]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 least one member who has accounting or related financial management expertise and at least three members who are financially literate. And the Board should have at least one woman director as its member.

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.

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

[2]Amended by the Nomination and Remuneration Committee at its meeting held on 08 May 2018

ANNEXURE – A*

(One Level below the Executive Directors including functional heads)

Himadri Speciality Chemical Ltd

(Formerly Known as 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
- Vice President - Strategy & Business Development
- President - Carbon Black Division
- Senior Vice President - HR and Administration
- Company Secretary & Compliance Officer

***Amended with effect from 8 May 2018**

ANNEXURE II
of the Board's Report

FORM NO. MGT- 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31 March 2018

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L27106WB1987PLC042756
ii)	Registration Date	:	28 July 1987
iii)	Name of the Company	:	Himadri Speciality Chemical Ltd
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	91.00%

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 – Suite 1101, 11/F, Supreme House, 2A Hart Avenue, Tsim Sha Tsui, Kowloon, Hong Kong	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 City. China – 265700	N.A.	Subsidiary	94%[2]	2 (87)(ii)

[1] Holding through Equal Commodeal Private Limited

[2] Holding through AAT Global Limited

ANNEXURE II
of the Board's Report (Contd.)

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 2017]				No. of Shares held at the end of the year [As on 31 March 2018]				% 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	3.04	12728600	-	12728600	3.04	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	192086607	-	192086607	45.91	192086607	-	192086607	45.91	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	**204815207**	**-**	**204815207**	**48.95**	**204815207**	**-**	**204815207**	**48.95**	**-**
(2) Foreign									
a) Individual/ NRI	-	-	-	-	-	-	-	-	-
b) Government	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	-	-	-	-	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**204815207**	**-**	**204815207**	**48.95**	**204815207**	**-**	**204815207**	**48.95**	**-**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	3000	3000	0.00	2251551	-	2251551	0.54	0.54
b) Banks / FI	379927	15000	394927	0.09	353888	3000	356888	0.08	(0.01)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Foreign Portfolio	2785693	-	2785693	0.67	9025905	-	9025905	2.16	1.49
g) Insurance Companies	-	-	-	-	-	-	-	-	-
h) FIIs	-	-	-	-	-	-	-	-	-
i) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
j) Others (specify) Foreign Institutional	241447	-	241447	0.06	-	-	-	-	(0.06)
Sub Total (B)(1):-	**3407067**	**18000**	**3425067**	**0.82**	**11631344**	**3000**	**11634344**	**2.78**	**1.96**

ANNEXURE II
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Category of Shareholders	No. of Shares held at the beginning of the year [As on 1 April 2017]				No. of Shares held at the end of the year [As on 31 March 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Cent Govt/State Govt/ President of India	-	-	-	-	-	-	-	-	-
Sub Total (B)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(3) Non-Institutions									
a) Bodies Corp.	33243867	162800	33406667	7.98	26449822	80000	26529822	6.34	(1.64)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	34775654	7814455	42590109	10.18	49031583	4904095	53935678	12.89	2.71
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakhs	29732707	-	29732707	7.11	13118759	-	13118759	3.14	(3.97)
c) Others									
IEPF	-	-	-	-	2538240	-	2538240	0.61	0.61
Trustees	-	-	-	-	-	-	-	-	-
Non Resident Indians	960375	-	960375	0.23	1918720	-	1918720	0.46	0.23
Overseas Corporate Bodies	103178860	-	103178860	24.66	103178860	-	103178860	24.66	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	298875	-	298875	0.07	738237	-	738237	0.17	0.10
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - DR	-	-	-	-	-	-	-	-	-
Sub Total (B)(3):-	**202190338**	**7977255**	**210167593**	**50.23**	**196974221**	**4984095**	**201958316**	**48.27**	**(1.96)**
Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)	**205597405**	**7995255**	**213592660**	**51.05**	**208605565**	**4987095**	**213592660**	**51.05**	**-**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**410412612**	**7995255**	**418407867**	**100.00**	**413420772**	**4987095**	**418407867**	**100.00**	**-**

ANNEXURE II
of the Board's Report (Contd.)

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1 April 2017)			Shareholding at the end of the year (As on 31 March 2018)			% 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	Mr. Damodar Prasad Choudhary	1484280	0.35	-	1484280	0.35	-	-
2	Mr. Bankey Lal Choudhary	1484280	0.35	-	1484280	0.35	-	-
3	Mr. Vijay Kumar Choudhary	3266640	0.78	-	3266640	0.78	-	-
4	Mr. Shyam Sundar Choudhary	3234280	0.77	-	3234280	0.77	-	-
5	Ms. Sushila Devi Choudhary	850000	0.20	-	850000	0.20	-	-
6	Ms. Saroj Devi Choudhary	822850	0.20	-	822850	0.20	-	-
7	Ms. Sheela Devi Choudhary	763420	0.18	-	763420	0.18	-	-
8	Ms. Kanta Devi Choudhary	822850	0.20	-	822850	0.20	-	-
9	Himadri Dyes & Intermediates Ltd	98284310	23.49	-	98284310	23.49	-	-
10	Himadri Credit & Finance Ltd	9487000	2.27	-	9487000	2.27	-	-
11	Himadri Industries Ltd	46140000	11.03	-	46140000	11.03	-	-
12	Himadri Coke & Petro Ltd	38175297	9.13	-	38175297	9.13	-	-
TOTAL		**204815207**	**48.95**	**-**	**204815207**	**48.95**	**-**	**-**

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

Sl. No.		Shareholding at the beginning of the year (As on 1 April 2017)		Cumulative Shareholding during the year (1 April 2017 – 31 March 2018)	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	At the beginning of the year	204815207	48.95	-	-
	Nil changes during the year*	-	-	-	-
	At the end of the year	-	-	204815207	48.95

*There is no change in the shareholding of promoters during the financial year 2017-18.

(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	01-04-2017	-	103178860	24.66	-	-
	Increase / (Decrease) in Shareholding during the year	-	-	-	-	-	-
	At the end of the year	31-03-2018	-	-	-	103178860	24.66
2	Chaturvedi Advisory Services LLP						
	At the beginning of the year	01-04-2017	-	10000000	2.39	-	-
	Increase / (Decrease) in Shareholding during the year	19-05-2017	Sell	(800000)	(0.19)	9200000	2.20
		08-12-2017	Sell	(107811)	(0.03)	9092189	2.17
		15-12-2017	Sell	(14079)	(0.00)	9078110	2.17
		22-12-2017	Sell	(34485)	(0.01)	9043625	2.16
		30-03-2018	Sell	(198769)	(0.05)	8844856	2.11
	At the end of the year	31-03-2018	-	-	-	8844856	2.11

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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
3	Dilip Kumar Lakhi						
	At the beginning of the year	01-04-2017	-	9850878	2.35	-	-
	Increase / (Decrease) in Shareholding during the year	07-04-2017	Sell	(202500)	(0.04)	9648378	2.31
		28-04-2017	Sell	(165000)	(0.04)	9483378	2.27
		05-05-2017	Sell	(130826)	(0.03)	9352552	2.24
		12-05-2017	Sell	(144000)	(0.04)	9208552	2.20
		19-05-2017	Sell	(72000)	(0.02)	9136552	2.18
		16-06-2017	Sell	(70142)	(0.02)	9066410	2.16
		23-06-2017	Sell	(96000)	(0.02)	8970410	2.14
		30-06-2017	Sell	(154000)	(0.03)	8816410	2.11
		21-07-2017	Sell	(150336)	(0.04)	8666074	2.07
		28-07-2017	Sell	(58950)	(0.01)	8607124	2.06
		04-08-2017	Sell	(46000)	(0.01)	8561124	2.05
		25-08-2017	Sell	(270000)	(0.06)	8291124	1.99
		01-09-2017	Sell	(500000)	(0.12)	7791124	1.87
		08-09-2017	Sell	(121367)	(0.03)	7669757	1.84
		22-09-2017	Sell	(735203)	(0.18)	6934554	1.66
		29-09-2017	Sell	(75000)	(0.02)	6859554	1.64
		06-10-2017	Sell	(645000)	(0.15)	6214554	1.49
		13-10-2017	Sell	(215818)	(0.05)	5998736	1.44
		03-11-2017	Sell	(105000)	(0.03)	5893736	1.41
		05-01-2018	Sell	(24407)	(0.01)	5869329	1.40
		12-01-2018	Sell	(160000)	(0.04)	5709329	1.36
	At the end of the year	31-03-2018	-	-	-	5709329	1.36
4	HSBC Global Investment Funds - Asia Ex Japan Equity Smaller Companies#						
	At the beginning of the year	01-04-2017	-	-	-	-	-
	Increase / (Decrease) in Shareholding during the year	13-10-2017	Buy	564478	0.13	564478	0.13
		20-10-2017	Buy	33523	0.01	598001	0.14
		27-10-2017	Buy	718145	0.17	1316146	0.31
		03-11-2017	Buy	718595	0.17	2034741	0.48
		10-11-2017	Buy	652071	0.16	2686812	0.64
		08-12-2017	Buy	328144	0.08	3014956	0.72
		09-02-2018	Buy	248376	0.06	3263332	0.78
		16-02-2018	Buy	1082	0.00	3264414	0.78
	At the end of the year	31-03-2018	-	-	-	3264414	0.78
5	Investor Education and Protection Fund (IEPF)#						
	At the beginning of the year	01-04-2017	-	-	-	-	-
	Increase / (Decrease) in Shareholding during the year	22-12-2018	Transfer	2538240	0.61	2538240	0.61
	At the end of the year	31-03-2018	-	-	-	2538240	0.61
6	Vallabh Roopchand Bhanshali						
	At the beginning of the year	01-04-2017	-	2854220	0.68	-	-
	Increase / (Decrease) in Shareholding during the year	21-07-2017	Sell	(267745)	(0.06)	2586475	0.62
		29-09-2017	Sell	(100000)	(0.02)	2486475	0.60
		19-01-2018	Sell	(120000)	(0.03)	2366475	0.57
	At the end of the year	31-03-2018	-	-	-	2366475	0.57

ANNEXURE II
of the Board's Report (Contd.)

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
7	Ecap Equities Limited						
	At the beginning of the year	01-04-2017	-	2098700	0.50	-	-
	Increase / (Decrease) in Shareholding during the year	-	-	-	-	-	-
	At the end of the year	31-03-2018	-	-	-	2098700	0.50
8	Anant Udyog LLP#						
	At the beginning of the year	01-04-2017	-	-	-	-	-
	Increase / (Decrease) in Shareholding during the year	07-07-2017	Buy	1410513	0.34	1410513	0.34
		11-08-2017	Buy	5000	0.00	1415513	0.34
		18-08-2017	Buy	10000	0.00	1425513	0.34
		15-09-2017	Buy	5487	0.00	1431000	0.34
		29-09-2017	Sell	(20000)	(0.00)	1411000	0.34
		06-10-2017	Sell	(20000)	(0.01)	1391000	0.33
		27-10-2017	Buy	10000	0.00	1401000	0.33
		08-12-2017	Buy	5000	0.00	1406000	0.33
		15-12-2017	Buy	5000	0.00	1411000	0.33
		22-12-2017	Buy	10000	0.01	1421000	0.34
		25-01-2018	Buy	5000	0.00	1426000	0.34
		02-02-2018	Buy	6917	0.00	1432917	0.34
		09-02-2018	Buy	59083	0.02	1492000	0.36
		02-03-2018	Buy	5000	0.00	1497000	0.36
		09-03-2018	Buy	18000	0.00	1515000	0.36
		16-03-2018	Buy	25000	0.01	1540000	0.37
	At the end of the year	31-03-2018	-	-	-	1540000	0.37
9	Manek Bhanshali						
	At the beginning of the year	01-04-2017	-	2616400	0.63	-	-
	Increase / (Decrease) in Shareholding during the year	14-08-2017	Sell	(764835)	(0.18)	1851565	0.45
		30-09-2017	Sell	(224770)	(0.06)	1626795	0.39
		25-01-2018	Sell	(200000)	(0.05)	1426795	0.34
	At the end of the year	31-03-2018	-	-	-	1426795	0.34
10	Enam Investment & Services Pvt Ltd.						
	At the beginning of the year	01-04-2017	-	1740990	0.42	-	-
	Increase / (Decrease) in Shareholding during the year	04-08-2017	Sell	(324283)	(0.08)	1416707	0.34
	At the end of the year	31-03-2018	-	-	-	1416707	0.34
11	Bajaj Allianz Life Insurance Company Ltd*						
	At the beginning of the year	01-04-2017		1598047	0.38	-	-
	Increase / (Decrease) in Shareholding during the year	28-04-2017	Buy	1000000	0.24	2598047	0.62
		05-05-2017	Buy	316352	0.08	2914399	0.70
		12-05-2017	Buy	396087	0.09	3310486	0.79
		19-05-2017	Sell	(60000)	(0.01)	3250486	0.78
		26-05-2018	Sell	(199630)	(0.05)	3050856	0.73
		23-06-2017	Sell	(100000)	(0.02)	2950856	0.71
		30-06-2017	Sell	(41114)	(0.01)	2909742	0.70
		07-07-2017	Sell	(77650)	(0.02)	2832092	0.68

ANNEXURE II
of the Board's Report (Contd.)

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
		14-07-2017	Sell	(220000)	(0.05)	2612092	0.63
		21-07-2017	Sell	(80000)	(0.02)	2532092	0.61
		28-07-2017	Sell	(200000)	(0.05)	2332092	0.56
		04-08-2017	Sell	(416000)	(0.10)	1916092	0.46
		11-08-2017	Sell	(200000)	(0.05)	1716092	0.41
		15-09-2017	Sell	(35000)	(0.01)	1681092	0.40
		22-09-2017	Sell	(220000)	(0.05)	1461092	0.35
		13-10-2017	Sell	(210000)	(0.05)	1251092	0.30
		27-10-2017	Sell	(100000)	(0.02)	1151092	0.28
		03-11-2017	Sell	(400000)	(0.10)	751092	0.18
		10-11-2017	Sell	(300000)	(0.07)	451092	0.11
		01-12-2017	Sell	9301092)	(0.07)	150000	0.04
		08-12-2017	Sell	(150000)	(0.04)	0	0.00
	At the end of the year	31-03-2018		-	-	-	-
12	Anant Udyog Private Limited*						
	At the beginning of the year	01-04-2017	-	1410513	0.34	-	-
	Increase / (Decrease) in Shareholding during the year	07-07-2017	Sell	(1410513)	(0.34)	0	0.00
	At the end of the year	31-03-2018	-	-	-	-	-
13	Avr Investment Advisors LLP*						
	At the beginning of the year	01-04-2017		1234000	0.29	-	-
	Increase / (Decrease) in Shareholding during the year	19-05-2017	Sell	(74000)	(0.02)	1160000	0.27
		07-07-2017	Buy	15000	0.01	1175000	0.28
		14-07-2017	Buy	60000	0.02	1235000	0.30
		11-08-2017	Sell	(1070000)	(0.26)	165000	0.04
		18-08-2017	Buy	62500	0.01	227500	0.05
		09-01-2017	Sell	(62500)	(0.01)	165000	0.04
		22-09-2017	Sell	(165000)	(0.04)	0	0.00
		02-09-2018	Buy	297000	0.07	297000	0.07
		02-09-2018	Buy	300000	0.07	597000	0.14
		16-02-2018	Sell	(297000)	(0.07)	300000	0.07
		16-02-2018	Buy	23000	0.01	323000	0.08
		23-02-2018	Sell	(200000)	(0.05)	123000	0.03
		02-03-2018	Sell	(50000)	(0.01)	73000	0.02
		16-03-2018	Sell	(30000)	(0.01)	43000	0.01
		23-03-2018	Sell	(20000)	(0.00)	23000	0.01
		23-03-2018	Buy	20000	0.00	43000	0.01
	At the end of the year					43000	0.01

Not included in Top Ten shareholders as on 1 April 2017. The same is reflected above since included in top ten shareholders as on 31 March 2018.

*ceased to be the top ten shareholders as on 31 March 2018. The same is reflected above since included in top ten shareholders as on 1 April 2017.

ANNEXURE II
of the Board's Report (Contd.)

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	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	Mr. Bankey Lal Choudhary, Managing Director				
	At the beginning of the year	1484280	0.35	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	1484280	0.35
2	Mr. Shyam Sundar Choudhary, Executive Director				
	At the beginning of the year	3234280	0.77	-	-
	Changes during the year	-	-	-	-
	At the end of the year			3234280	0.77
3	Mr. Vijay Kumar Choudhary, Executive Director				
	At the beginning of the year	3266640	0.78	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	3266640	0.78
4	Mr. Sakti Kumar Banerjee, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
5	Mr. Santimoy Dey, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
6	Mr. Hanuman Mal Choraria, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
7	Mr. Hardip Singh Mann, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
8	Ms. Rita Bhattacharya, Nominee Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
9	Mr. Santosh Kumar Agrawala, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-

ANNEXURE II
of the Board's Report (Contd.)

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	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
10	Mr. Suryakant Balkrishna Mainak, Independent Director				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
Key Managerial Personnel					
1	Mr. Anurag Choudhary, CEO				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
2	Mr. Kamlesh Kumar Agarwal, CFO				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-
3	Mr. Bajrang Lal Sharma, Company Secretary				
	At the beginning of the year	-	-	-	-
	Changes during the year	-	-	-	-
	At the end of the year	-	-	-	-

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	71,077.54	4,334.72	-	75,412.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	598.76	-	-	598.76
Total (i+ii+iii)	**71,676.30**	**4,334.72**	**-**	**76,011.02**
Change in Indebtedness during the financial year				
Addition	3,216.70	10,968.18	-	14,184.88
Reduction	20,144.13	3,337.28	-	23,481.41
Net Change	**(16,927.43)**	**7,630.90**	**-**	**(9,296.53)**
Indebtedness at the end of the financial year				
i) Principal Amount	54,049.81	11,965.62	-	66,015.43
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	699.06	-	-	699.06
Total (i+ii+iii)	**54,748.87**	**11,965.62**		**66,714.49**

ANNEXURE II
of the Board's Report (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Executive Directors

Amount in ₹ Lakhs

Sl. No.	Particulars of Remuneration	Name of MD/WTD			Total Amount
		Bankey Lal Choudhary, Managing Director	Shyam Sundar Choudhary, Executive Director	Vijay Kumar Choudhary, Executive Director	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	90.00	90.00	90.00	270.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.68	0.68	0.68	6.04
	(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)	**94.68**	**90.68**	**90.68**	**276.04**
	Ceiling as per the Act	10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013			

B. Remuneration to other Directors

Amount in ₹ Lakhs

Sl. No.	Name of the Director and its Category	Fee for attending board /committee meetings	Commission	Others, please specify	Total
Independent Directors					
1	Sakti Kumar Banerjee	1.48	-	-	1.48
2	Santimoy Dey	1.44	-	-	1.44
3	Hardip Singh Mann	1.00	-	-	1.00
4	Hanuman Mal Choraria	1.24	-	-	1.24
5	Santosh Kumar Agrawala	1.00	-	-	1.00
6	Suryakant Balkrishna Mainak	0.60			0.60
	Total (1)				**6.76**
Other Directors					
1	Rita Bhattacharya	1.00	-	-	1.00
	Total (2)				**1.00**
	Total (B) (1+2)				**7.76**

TOTAL MANAGERIAL REMUNERATION (TOTAL A+B) = ₹ 283.80 lakhs

OVERALL CEILING AS PER THE ACT – Remuneration paid to Non-executive Directors in the form of 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.

ANNEXURE II
of the Board's Report (Contd.)

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

Amount in ₹ Lakhs

Sl. No.	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	108.45	16.08	45.30	169.83
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.68	-	0.22	0.90
	(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	**109.13**	**16.08**	**45.52**	**170.73**

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 2018.

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 2017-18:**

Name	Designation	Ratio
Mr. Bankey Lal Choudhary	Managing Director	41.69 : 1
Mr. Shyam Sundar Choudhary	Executive Director	41.69 : 1
Mr. Vijay Kumar Choudhary	Executive Director	41.69 : 1

2. **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2017-18:**

Name	Designation	% increase in remuneration
Mr. Bankey Lal Choudhary	Managing Director	67%
Mr. Shyam Sundar Choudhary	Executive Director	67%
Mr. Vijay Kumar Choudhary	Executive Director	67%
Mr. Anurag Choudhary	Chief Executive Officer	55%
Mr. Kamlesh Kumar Agarwal	Chief Financial Officer	30%
Mr. Bajrang Lal Sharma	Company Secretary	8%

* Refer Note

3. **The percentage increase in the median remuneration of employees in the financial year 2017-18:**

   The percentage increase in the median remuneration of employees is 12%

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

   There were 820 number of permanent employees on the rolls of the Company as on 31 March 2018.

5. **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 the financial year 2017-18 was 10% whereas the increase in the managerial remuneration for the same financial year was 38%.

6. **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 fees 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

Names of the Top Ten Employees in terms of Remuneration Drawn

Name	Designation, Nature of Employment	Remuneration Received (₹ in Lakhs)	Qualification, Experience (yrs)	Date of commencement of employment	Age (yrs)	% of equity Shares held	Last employer, designation	Relative of any director of the Company
Mr. Anand Prakash[3]	Sr. Vice President, Permanent	30.21	PhD (Mechanical Engineering) from University of Minnesota, B-Tech (Chemical Engineering) from IIT Bombay, 12	01.02.2018	37	-	Cabot Corporation Product Line Manager (Special Blacks)	Nil
Mr. Anurag Choudhary[2]	Chief Executive Officer, Permanent	109.13	B.Com, 27	01.04.1991	46	-	None	Mr. Shyam Sundar Choudhary
Mr. Amit Choudhary	President Projects, Permanent	94.13	B.Com, 19	01.05.1999	43	-	None	Mr. Shyam Sundar Choudhary
Mr. Tushar Choudhary	President Operations, Permanent	94.13	B.Com, 19	01.05.1999	42	-	None	Mr. Bankey Lal Choudhary
Mr. Monojit Mukherjee	Business Head-CBD, Permanent	99.00	PGDM (Marketing) from IIM Ahmedabad, B. Tech in Chemical, 33	16.04.2014	60	-	Philips Carbon Black Limited, Executive Director (Marketing & New Projects)	Nil
Mr. Somesh Satnalika	VP- Strategy and Business Development, Permanent	93.32	PGDM (Finance), CA, 14	09.06.2014	36	-	Booz & Co., Senior Associate	Nil
Dr. Soumen Chakraborty	Director CBD, Permanent	54.89	Phd (Polymer Science), M-tech, B-Tech, 41	26.08.2015	68	-	Dunlop India (P) Ltd,	Nil

ANNEXURE IV
of the Board's Report (Contd.)

Name	Designation, Nature of Employment	Remuneration Received (₹ in Lakhs)	Qualification, Experience (yrs)	Date of commencement of employment	Age (yrs)	% of equity Shares held	Last employer, designation	Relative of any director of the Company
Mr. Arvind Shetty[4]	GM-Strategy, Permanent	8.18	MBA (Marketing & Operations) from Narsee Monjee Institute of Management, Mumbai, B.Tech, 11.8 years	29.01.2018	39	-	Renoir Management Consulting (India) Pvt Ltd, Project Manager	Nil
Mr. Kamlesh Kumar Agarwal	Chief Financial Officer, Permanent	45.52	FCA & CS, 23	06.09.1995	47	-	None	Nil
Mr. Subhasis Ta	SR. GM-Engineering, Permanent	35.53	BE (Electronics), 25	21.10.2008	47	-	Philips Carbon Black Limited, Manager- Electrical	Nil

Notes:

1. Remuneration includes salary, Company's contributions to provident fund, superannuation, bonus, allowances, performance bonus and monetary value of perquisites.
2. Mr. Anurag Choudhary was employed throughout the financial year hence is covered under Rule 5(2)(i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
3. Mr. Anand Prakash was employed for a part of the financial year hence is covered under Rule 5(2)(ii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
4. Mr. Arvind Shetty was employed for a part of the financial year and is covered under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
5. None of the aforesaid 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

Disclosure as required under Section 62(1)(b) of the Companies, Act, 2013 read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 and Regulation 14 of the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are appended as below:

Sl. No.		Himadri Employee Stock Option Plan 2016
1	**Date of Shareholders' Approval**	24 September 2016
2	**Total No. of Options approved under ESOS**	4,000,000
3	**Vesting Requirements**	The Options granted under ESOP 2016 would vest after one year but not later than five years from the date of grant of such option. Vesting of Options would be subject to continued employment with the Company and Options would vest on passage of time and also fulfilment of certain performance parameters.
4	**Exercise price or pricing formula**	₹ 19 (Exercise Price)
5	**Maximum term of options granted**	9.65 years from the date of grant
6	**Source of Shares**	Primary
7	**Variation in terms of option**	No variation
8	**Method of Option Valuation**	Black Scholes Merton Model
9	**Option Movement during the year**	-
	- Number of Options outstanding at the beginning of the period	1,304,600
	- Number of Options granted during the year	-
	- Number of Options forfeited/lapsed during the year	23,500 (lapsed)
	- Number of Options vested during the year	-
	- Number of Options exercised during the year	-
	- Number of Shares arising as a result of exercise of options	-
	- Money realized by exercise of options (Amount in ₹)	-
	- Loan repaid by the Trust during the year from exercise price received	-
	- Number of Options outstanding at the end of the year	1,281,100
	- Number of Options exercisable at the end of the year	
10	**Weighted average exercise price of Options granted whose**	
	(a) Exercise Price equals market price	-
	(b) Exercise Price is greater than market price	-
	(c) Exercise Price is less than market price	19
	Weighted average fair value of Options granted during the year whose	
	(a) Exercise Price equals market price	-
	(b) Exercise Price is greater than market price	-
	(c) Exercise Price is less than market price	24.94

ANNEXURE V
of the Board's Report (Contd.)

11	**Employee Wise details of Options granted**		
	i. Senior Management Personnel		
Name	**Designation**	**Options granted during the year**	**Exercise Price**
		None	
	ii. Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year; and		
Name	**Designation**	**Options granted during the year**	**Exercise Price**
		None	
	iii. Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the Company at the time of grant		
Name	**Designation**	**Options granted during the year**	**Exercise Price**
		None	

Note:

1) Other details as required under Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 read with SEBI circular CIR/CFD/POLICY CELL/2/2015 dated 16 June 2015 forms part of the Notes to financial statements in this Annual Report.

2) The Shareholders by way of special resolution dated 24 September 2016, at Annual General Meeting, have authorised the Nomination and Remuneration Committee ("the Committee") to grant options to the employees under the Himadri Employee Stock Option Plan 2016 ("ESOP 2016"). Accordingly, the Committee has further granted 2,695,000 (Twenty six lakhs ninety five thousand only) options as Grant II on 8 May 2018, to its eligible employees (with each such option conferring a right upon the employee to apply for one equity share of the Company) under the ESOP 2016. The face value of each equity share is ₹ 1/- and exercise price per option/equity share is ₹ 140 per share, and the options shall vest after 1 year but within 5 years from the date of such grant.

ANNEXURE VI
of the Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

Himadri Speciality Chemical Ltd

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Himadri Speciality Chemical 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 31 March 2018, 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 31 March 2018, 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) The 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") or by 'SEBI', to the extent applicable:

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

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

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

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

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

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

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

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

   i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

vi) Other than fiscal, labour and environmental laws, which are generally applicable to all companies, the following laws/acts are specifically applicable to the Company:

ANNEXURE VI
of the Board's Report (Contd.)

a) The Petroleum Act 1934 and Rules made thereunder;

b) The Legal Metrology Act, 2009;

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

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

e) The Boilers Act, 1923;

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

g) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

h) The Environment (Protection) Act, 1986

i) The Water (Prevention and Control of Pollution) Act, 1974

j) The Air (Prevention and Control of Pollution) Act, 1981

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has 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 passed the following special resolutions:

a) raising of additional capital by way of one or more public or private offerings to eligible investors through an issuance of equity shares or other eligible securities for an amount not exceeding ₹ 1,000 crore through postal ballot on 8th December 2017;

b) appointment of Vijay Kumar Choudhary as Executive Director of the Company for a period of three years effective from 1st April 2017;

We further report that during the audit period the Company has redeemed 9.6% Non-Convertible Debentures issued to ICICI Bank Limited aggregating to ₹ 100 Crores on 28th June 2017.

This report is to be read with our letter of even date which is annexed as Annexure-I which forms an integral part of this report.

For MKB & Associates
Company Secretaries

Sd/-
Manoj Kumar Banthia
[Partner]
ACS no. 11470
COP no. 7596
FRN: P2010WB042700

Date: 28 May 2018
Place: Kolkata

ANNEXURE VI
of the Board's Report (Contd.)

Annexure I to the Secretarial Audit Report

The Members,
Himadri Speciality Chemical Ltd
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
[Partner]
ACS no. 11470
COP no. 7596
FRN: P2010WB042700

Date: 28 May 2018
Place: Kolkata

ANNEXURE VII

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 2018:

A. CONSERVATION OF ENERGY

Sl. No.	Particulars	Description
1.	**Steps taken or impact on conservation of energy**	The efforts to conserve and optimize the use of energy through improved operational method and other means has been continued to be in practice. The Company has undertaken a programme towards saving in electricity to replace existing fluorescent light with LED Bulb / Tube Lights across all plants and work places. This will increase operational efficiency at no cost.
2.	**Steps taken by the Company for utilizing alternate source of energy**	The Company has its own co-generation 20MW Power Plants based on waste heat recovery system. The gas is a bye-product of carbon black manufacturing industry which is hazardous and also a threat to the environment. Hence instead of venting this into the environment, the Company utilizes that waste gas for generation of power. This serves the twin objectives of pollution control as well as achievement of economy in operations since the power generated is used by the Company in its own projects.
3.	**Capital investment in energy conservation equipment.**	The power plants already being operational, no additional expenditure has been incurred therein, whereas the replacement of LED lights is part of maintenance and in the nature of recurring expenditure.

B. TECHNOLOGY ABSORPTION

Sl No.	Particulars	Description
1.	Efforts made towards technology absorption	In-house Research & Development play a vital role in the following areas:- 1. Improvement in quality and enhanced output by process control; 2. Finding alternate means to save energy and cost; 3. Development of new products; 4. Re-cycling waste and optimum utilization thereof.
2.	Benefits derived like product improvement, cost reduction, product development, import substitution	1. Maintenance of leading position in market; 2. Reduction in cost of fuel consumption; 3. Improvement in quality of output in line with global standards; 4. Optimum utilization of resources by improving the quality of output and refining process technology; 5. Development and evolution of various kinds of value-added products like Advanced Carbon Material, SNF etc.
3.	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 equipment 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 : i) Capital expenditure: ₹ 191.89 lakhs; ii) Revenue expenditure: ₹ 326.22 lakhs; iii) Total Research & Development expenditure: ₹ 518.11 lakhs; iv) Total R&D expenditure as a percentage of total turnover: 0.26%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used and earned during the year:

Amount in ₹ Lakhs

	2017-18	2016-17
Total foreign exchange outgo in terms of actual outflow	**72,246.66**	52,184.53
Total foreign exchange earned in terms of actual inflows	**9,203.11**	11,220.50

ANNEXURE VIII
of the Board's Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

a. Details of contracts or arrangements or transactions not at arm's length basis:

(a) Name(s) of the related party and nature of relationship:	Not Applicable
(b) Nature of contracts/arrangements/transactions:	
(c) Duration of the contracts / arrangements/transactions:	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e) Justification for entering into such contracts or arrangements or transactions:	
(f) Date(s) of approval by the Board:	
(g) Amount paid as advances, if any:	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:	

b. Details of material contracts or arrangement or transactions at arm's length basis:

(a) Name(s) of the related party and nature of relationship:	Not Applicable
(b) Nature of contracts/arrangements/transactions:	
(c) Duration of the contracts / arrangements/transactions:	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e) Date(s) of approval by the Board, if any:	
(f) Amount paid as advances, if any:	

Note: The above disclosures on material transactions are based on the principle that transactions with wholly-owned subsidiaries are exempt for the purpose of section 188 (1) of the Companies Act, 2013.

ANNEXURE IX
of the Board's Report

ANNUAL REPORT ON CSR ACTIVITIES

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

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 centers 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 2017-18 directly or made through 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 checkup facility etc;

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

ANNEXURE IX
of the Board's Report (Contd.)

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, Executive Director

3. Financial Details

Particulars	Amount in ₹ Lakhs
Average Net Profit / (Loss) of the Company for the last three financial years	2,867.00
Prescribed CSR Expenditure (2% of the average net profits)	57.34
Details of CSR Expenditure during the financial year	
Total amount to be spent for the financial year	**57.34**
Amount spent	33.03
Amount unspent	24.31

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. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount (budget) project/ programs wise**	**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)	-	3.14	3.14	Direct and through implementing agencies
2	Expenditure on running a dispensary	(b)	Surrounding area of the District and the State in which the Company's Plant is situated	-	8.96	8.96	Direct and through implementing agencies

ANNEXURE IX

of the Board's Report (Contd.)

Amount in ₹ Lakhs

1	2	3	4	5	6	7	8
Sl. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount (budget) project/ programs wise**	**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**
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	-	20.93	20.93	Direct and through implementing agencies
	TOTAL			**-**	**33.03**	**33.03**	

* Some CSR activities have been carried out directly by the Company and some through implementing agencies. Details of implementing agencies are 1) Nanhey Lal Mohini Devi Foundation 2) Bharat Seva Nidhi

5. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:

The required explanation for reasons for not expending the required amount has been provided in the Board's Report for the financial year 2017-18.

6. 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

	Sd/-	Sd/-
	Bankey Lal Choudhary	**Santimoy Dey**
Date: 27 April 2018	*Managing Director*	*Chairman – CSR Committee*
Place: Kolkata	(DIN: 00173792)	(DIN: 06875452)

ANNEXURE X
of the Board's Report

CORPORATE GOVERNANCE REPORT

In accordance with Regulation 34 (3) read with Part C of 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

Corporate Governance is modus operandi of governing a corporate entity which includes a set of systems, procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders i.e. shareholders, employees, suppliers, customers and society in general. Fundamentals of Corporate Governance include transparency, accountability and independence. For accomplishment of the objectives of ensuring fair Corporate Governance, the Government of India has put in place a framework based on the stipulations contained under the Companies Act, SEBI Regulations, Accounting Standards, Secretarial Standards, etc. Corporate Governance has become a buzzword in the corporate world. Globalization, widespread of shareholders, changing ownership structure, greater expectations, etc. have made a good Corporate Governance practice essential for today's management.

Himadri has been following best practices of Corporate Governance with highest standards and a good culture that is built on core values and professionalism over the period of Company's existence which has become a part of its business ethics and DNA.

We evolve and follow not just the prescribed Corporate Governance guidelines, but also adopt accepted best practices. We consider it our inherent responsibility to protect the rights of our shareholders and disclose timely, adequate and accurate information regarding our financials and performance of the Company. It is a firm conviction of the Company that good Corporate Governance practices are powerful enablers, which infuse trust among stakeholders and enhanced confidence those are able to attract and retain financial and human capital.

The Company conforms to the requirements of the Corporate Governance as stipulated in Part C of the Schedule V of the SEBI Listing Regulations that are implemented in a manner so as to achieve the objectives of the principles stated in the clause with respect to Rights of Shareholders, Role of Stakeholders in Corporate Governance, Disclosure and Transparency, Responsibilities of the Board and other responsibilities prescribed under these 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 is entrusted with the ultimate responsibility of the management, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. 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.

a) Composition of the Board

The Company has a balanced mix of Executive, Non-Executive and Independent Non-Executive Directors. As on 31 March 2018, the Board consisted of 10 (Ten) directors, out of which 3 (Three) Directors are Executive, 1 (One) is Nominee Director i.e Woman Director (Non-Executive) and 6 (Six) are Non-Executive Independent Directors. The composition of the Board is in conformity with Section 149 of the Companies Act, 2013 (hereinafter referred to as "the Act, 2013") and Regulation 17 (1) of SEBI Listing Regulations.

All the Independent Directors satisfied the criteria/conditions of independence as laid down in Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI Listing Regulations.

In Compliance with Regulation 25 of the Listing Regulations, 2015, none of the Directors on the Board is Independent Directors of more than 7 (Seven) listed companies and none of the Whole-time

ANNEXURE X
of the Board's Report (Contd.)

Directors is Independent Directors in any listed Company. 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 the purpose of determination of limit of chairpersonship and membership, 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 Director	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 Director	Brother of Mr. B. L. Choudhary and Mr. S. S. Choudhary
4	Ms. Rita Bhattacharya	Nominee Director (Non-Executive) of LIC of India	NA
5	Mr. Hardip Singh Mann	Independent, Non-Executive	NA
6	Mr. Sakti Kumar Banerjee	Independent, Non-Executive	NA
7	Mr. Santimoy Dey	Independent, Non-Executive	NA
8	Mr. Hanuman Mal Choraria	Independent, Non-Executive	NA
9	Mr. Santosh Kumar Agrawala	Independent, Non-Executive	NA
10	Mr. Suryakant Balkrishna Mainak	Independent, Non-Executive	NA

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

Apart from the relations mentioned hereinabove, there is no inter-se relation among the Directors of the Company.

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 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, setting out the business to be transacted at the meeting(s) is circulated to the Directors well in advance as stipulated under the Act, 2013 and Secretarial Standard – 1 ("SS-1"). All material information are 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

ANNEXURE X
of the Board's Report (Contd.)

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 and management.

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 through circulation, which is then noted by the Board in its next meeting.

The facility to participate in meeting(s) through video conferencing is also provided to Directors to the extent permissible.

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 to the business and affairs of the Company.

d) Meetings of the Board of Directors

During the financial year 2017-18, the Board met 5 (Five) times, i.e. on 10 May 2017, 17 June 2017, 3 August 2017, 2 November 2017 and 29 January 2018. The maximum time in between two meetings was not more than 120 days and the required information were made available to the Board. These meetings were well attended by the Directors. 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.

e) Separate Meeting of Independent Directors

Schedule IV of the Act, 2013 and the SEBI Listing Regulations mandates the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of the management. During the financial year 2017-18, 1 (One) separate meeting of Independent Directors was held on 29 January 2018 without the presence of the Non-Independent Directors and the members of the Management, inter alia, to discuss matters pertaining to review of performance of Non-Independent Director and the Board as a whole, including the Chairman of the meetings (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board that is necessary for the Board to effectively and reasonably perform their duties.

f) Performance Evaluation

Pursuant to the provisions of the 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. Feedback was sought by way of a structured questionnaire 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 and the evaluation was done based upon the responses received from the Directors.

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.

ANNEXURE X
of the Board's Report (Contd.)

The details of composition of the Board as at 31 March 2018, the attendance record of the Directors at the Board Meetings held during financial year 2017-18 and at the last Annual General Meeting (AGM), as also the number of Directorships, Committee Chairmanships and Memberships held by them in other Public Companies and number of Board Meetings and dates on which held and number of shares and convertible instruments held by non-executive directors are given here below:

Sl. No.	Directors' name	No of Shares held	Category	Attendance		Directorship in 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 Director	5	Y	4	1	-
2	Mr. Bankey Lal Choudhary	1484280	Promoter, Managing Director	4	Y	7	-	-
3	Mr. Vijay Kumar Choudhary	3266640	Promoter, Executive Director	1	Y	5	-	-
4	Ms. Rita Bhattacharya	-	Nominee Director (Non-Executive) of LIC of India	5	-	1	-	-
5	Mr. Hardip Singh Mann	-	Independent Non-Executive	4	-	1	-	-
6	Mr. Sakti Kumar Banerjee	-	Independent Non-Executive	4	Y	1	2	-
7	Mr. Santimoy Dey	-	Independent Non-Executive	3	Y	2	2	1
8	Mr. Hanuman Mal Choraria	-	Independent Non-Executive	4	Y	1	1	1
9	Mr. Santosh Kumar Agrawala	-	Independent Non-Executive	4	Y	2	1	1
10	Mr. Suryakant Balkrishna Mainak[2]	-	Independent Non-Executive	2	-	7	4	2

*Directorship in Public Companies includes listed as well as reporting entity

The number of Directorships, Committee Membership(s)/ Chairmanship(s) of all Directors is within the limits as prescribed under the Act and the Listing Regulations.

[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 Speciality Chemical Ltd) have been considered;

[2] Mr. Suryakant Balkrishna Mainak has been appointed as an Independent Director w.e.f. 3 August 2017.

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g) Formal Letter of Appointment to the Independent Directors

During the financial year 2017-18, one Independent Director was appointed at the Board Meeting held on 3 August 2017, and the approval of the shareholder was obtained on 22 September 2017, and the Company has issued appointment letters as per provisions of Sections 149 and 152 read with Schedule IV of the Act, 2013 and rules made thereunder and pursuant to the provisions of the SEBI Listing Regulations. 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 www.himadri.com

h) Familiarisation Programme for Independent Directors

Pursuant to Regulation 25 (7) of the SEBI Listing Regulations, the Company imparted a Familiarization 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, review of Investments of the Company, business model of the Company, Prevention of Insider Trading regulations, SEBI Listing Regulations, etc. The details of the familiarisation programme are available on the website of the Company at www.himadri.com

i) Codes and Policies

The Board has adopted all applicable codes and policies as per the requirement of the 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 www.himadri.com and references thereof have been given elsewhere in this Annual Report.

j) Code of Conduct for all Directors and Senior Management Personnel

In terms of Regulation 17 of the SEBI Listing Regulations, there exists a Code of Conduct, laid down by the Board, for all the Board Members and Senior Management of the Company. 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 www.himadri.com All Directors and Senior Management Personnel ("SMPs") of the Company as on 31 March 2018, have individually affirmed compliance with the said Code in terms of Regulation 26 of the SEBI Listing Regulations. 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 Act, 2013 and contains brief guidance for professional conduct by the Non-Executive Independent Directors.

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of the Company 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

ANNEXURE X
of the Board's Report (Contd.)

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.

k) Brief Note on the Directors seeking appointment / re-appointment at the 30th Annual General Meeting

The Company has 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 in the Notice convening the 30th 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
- Corporate Social Responsibility (CSR) Committee

m) Other Board Committees

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

- Share Transfer Committee
- Finance and Management Committee
- Internal Complaint Committee

3. AUDIT COMMITTEE

a. Composition, Meetings and Attendance

The Audit Committee comprises of three (3) Non-Executive Directors, of which all 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 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 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.

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of the Board's Report (Contd.)

The Audit Committee met 4 (four) times during the year with a maximum time in between two meetings was not exceeding four months, i.e., on 10 May 2017, 3 August 2017, 2 November 2017 and 29 January 2018. 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	3
3	Mr. Santimoy Dey	Member, Independent Non-Executive	2

b. Terms of reference

The present terms of reference of the Audit Committee are aligned as per the provisions of Section 177 of the 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 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 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;

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of the Board's Report (Contd.)

(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 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 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.

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of the Board's Report (Contd.)

The Committee met 2 (two) times during the year i.e. on 26 July 2017 and 12 October 2017 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	2
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	2
3	Mr. Hanuman Mal Choraria	Member, Independent Non-Executive	2

b. Terms of Reference

The present terms of reference of the Nomination and Remuneration Committee is aligned as per the provisions of Section 178 of the Act, 2013 and include the roles as laid out in Part D Para (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 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 their 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 www.himadri.com

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:

i) **Qualifications:** Details of professional qualifications of the member.

ii) **Experience:** Details of prior experience of the member, especially the experience relevant to the entity.

iii) **Knowledge and Competency.**

iv) **How the person fares across different competencies as identified for effective functioning of the entity and the Board (The entity may list various competencies and mark all directors against every such competency).**

v) **Whether the person has sufficient understanding and knowledge of the entity and the sector in which it operates.**

vi) **Fulfilment of functions:** Whether the person understands and fulfils the functions to him/her as assigned by the Board and the law (e.g. Law imposes certain obligations on independent directors).

ANNEXURE X
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vii) **Ability to function as a team:** Whether the person is able to function as an effective team- member.

viii) **Initiative:** Whether the person actively takes initiative with respect to various areas.

ix) **Availability and attendance:** Whether the person is available for meetings of the Board and attends the meeting regularly and timely, without delay.

x) **Commitment:** Whether the person is adequately committed to the Board and the entity.

xi) **Contribution:** Whether the person contributed effectively to the entity and in the Board meetings.

xii) **Integrity:** Whether the person demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).

xiii) **Independence:** Whether person is independent from the entity and the other directors and there is no conflict of interest.

xiv) **Independent views and judgement:** Whether the person exercises his/ her own judgement and voices opinion freely.

e. Remuneration to Directors and Disclosures

i) Non-Executive Directors

The Non-Executive / Independent Directors are not being paid any remuneration by the Company, except sitting fees for attending the meetings. Further, the Company has not entered into any pecuniary relation or transaction with non-executive directors during the financial year 2017-18 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	148,000
2	Mr. Hardip Singh Mann	100,000
3	Ms. Rita Bhattacharya	100,000
4	Mr. Santimoy Dey	144,000
5	Mr. Hanuman Mal Choraria	124,000
6	Mr. Santosh Kumar Agrawala	100,000
7	Mr. Suryakant Balkrishna Mainak	60,000

Shareholding of Non-Executive Director(s)

As on 31 March 2018, 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:

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

Amount ₹ in Lakhs

Components of Remuneration package Paid during the financial year	Names of Directors		
	Mr. Bankey Lal Choudhary	Mr. Shyam Sundar Choudhary	Mr. Vijay Kumar Choudhary
Salary (Yearly)	90.00	90.00	90.00
Bonus	NIL	NIL	NIL
Perquisites	4.68	0.68	0.68
Stock Options	NIL	NIL	NIL
Pensions	NIL	NIL	NIL
Total Remuneration	94.68	90.68	90.68

*Remuneration of Directors were revised w.e.f 1 July 2017, however, the remuneration paid to each of the Director are within the ceiling provided under the Section 198 read with Schedule V of the Companies Act, 2013

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 Director	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 – Executive Director	5 years	Present tenure valid till 31 March 2020
3	Mr. Vijay Kumar Choudhary – Executive Director	3 years	Present tenure valid till 31 March 2020

* There are no notice period and severance fees.

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.

e) **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 www.himadri.com

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 and majority of directors are Independent.

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

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During the year, the Committee met 10 (Ten) times i.e. on 22 April 2017, 8 June 2017, 24 June 2017, 31 July 2017, 11 September 2017, 12 October 2017, 18 December 2017, 18 January 2018, 12 February 2018 and 17 March 2018. 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	10
2	Mr. Sakti Kumar Banerjee	Member, Independent Non-Executive	10
3	Mr. Shyam Sundar Choudhary	Member, Executive Director	8

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 Reconciliation of Share Capital Audit report.
- To review the periodical Compliance with Stock Exchange(s).
- To monitor expeditious redressal Investor's Grievances.
- To review and monitor the transfer of shares to IEPF Authority.
- 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 Speciality Chemical Ltd, 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 were 5 complaints pending at the beginning of the year. During the financial year 2017-18, total 299 complaints were received from investors, and 297 complaints were resolved, and the remaining 7 complaints were also resolved subsequently in the month of April 2018.

The Company regularly updates the status of Investors Complaints on "SCORES", an online portal introduced by SEBI for resolving Investors complaints. There was one investors' complaint pending at the end of the financial on the SCORES, which was subsequently resolved.

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 the financial year 2017-18, the Committee met 21 (Twenty One) times.

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The Company confirms that there were no share transfers lying pending as on 31 March 2018 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 financial year 2017-18, the Committee met 39 (thirty nine) times.

Terms of reference

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

- 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;
- To Borrow moneys from banks (otherwise than issue of debentures) from time to time for its' projects expansion and working capital and providing security;
- To sign & execute documents with banks and financial institutions;
- To open banking accounts with banks and to deal with matters relating thereto;
- Investing the surplus funds of the Company;
- Making loans in ordinary course of business;
- Giving authority to employees for representing the Company before various authorities including Court of laws;
- 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 Act, 2013 has constituted Corporate Social Responsibility Committee Consisting following Directors as members:

a. Mr. Santimoy Dey (Chairman, Independent Director)

b. Mr. Shyam Sundar Choudhary, (Executive)

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 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 financial year 2017-18, the Committee met 2 (Two) times.

The CSR policy of your Company is displayed on the Company's website at www.himadri.com

9. INTERNAL COMPLAINT COMMITTEE

The Company has an Internal Complaint Committee constituted in terms of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which was re-constituted from time to time.

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 thereof 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;

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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 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 the financial year 2017-18.

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
2014-15	27th AGM	22 September 2015	"Kala Kunj" 48 Shakespeare Sarani, Kolkata- 700 017	10.00 am
2015-16	28th AGM	24 September 2016	"Bharatiya Bhasha Parishad" 36A, Shakespeare Sarani, Kolkata – 700 017	10.00 am
2016-17	29th AGM	22 September 2017	"Kala Kunj Hall" 48 Shakespeare Sarani, Kolkata- 700 017	3.30 pm

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

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;
28th AGM held on 24 September 2016	1.	Approval of "Himadri Employee Stock Option Plan 2016" and Grant of Employee Stock Options to the employees of the Company thereunder;
	2.	Approval of Grant of Employee Stock Options to the employees of Subsidiary Companies of the Company under "Himadri Employee Stock Option Plan 2016";
29th AGM held on 22 September 2017	1.	Appointment of Mr. Vijay Kumar Choudhary (DIN: 00173858) as Whole Time Director of the Company for a further period of 3 (Three) years with effect from 1 April 2017 to 31 March 2020.

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iii) Details of Resolution passed through Postal Ballot.

During the year ended 31 March 2018, the Company has passed the following Special Business through Postal Ballot (including e-voting), conducted in accordance with the provisions of Sections 108 and 110 and other applicable provisions of the Act read together with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard (SS-2) on General Meetings and the SEBI Listing Regulations:

Special Resolution: Approval for raising of additional capital by way of one or more public or private offerings to eligible investors through an issuance of equity shares or other eligible securities for an amount not exceeding ₹ 1000 crores.

Notice of Postal Ballot were sent through permitted modes (email, speed post and courier) to all the members of the Company along with Postal Ballot Form and postage pre-paid self-addressed envelopes (in case of physical dispatches). The said dispatch was completed on 9 November 2017.

Mr. Shyam Sundar Choudhary, Whole time Director and Mr. Bajrang Lal Sharma, Company Secretary of the Company, were authorised by the Board and were responsible for conducting the entire postal ballot and e-voting process under the provisions of the Act read together with the rules made thereunder and in terms of the Listing Regulations.

The Board had appointed Mr. Samir Kumar Ghosh, Company Secretary in Practice as the Scrutinizer, for scrutinizing the Postal Ballot process in a fair and transparent manner. On the basis of the Report of the Scrutinizer, Mr. Shyam Sundar Choudhary, Whole time Director, declared the results of the Postal Ballot on 9 December 2017. The details of the Voting are as follows:

Summary of Voting Results

No. of Votes Casted	In favour		In Against	
	No of Votes	%	No of Votes	%
317401584	315338377	99.35 %	2063207	0.65%

On the basis of the Scrutinizer's report dated 9 December 2017, the special resolution as proposed in the notice of Postal ballot was duly passed with requisite majority on Friday the 8 December 2017 (i.e. the last date of receipt of Postal ballot Forms) as per clause 16.6.3 of SS-2.

iv) No Special Resolution at present is proposed to be passed through Postal Ballot. Therefore, the procedure for Postal Ballot is not applicable.

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11. **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 Exchanges 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 the financial year 2017-18, financial results (Quarterly & Annual) were published in newspapers viz. The Financial Express, Economic Times in English (all editions), Jansatta (Hindi) and 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 with Regulation 46(2) 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

ANNEXURE X
of the Board's Report (Contd.)

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 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. However, during the year the Company has not made any specific presentation to any Institutional Investor.

12. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting (AGM) and Book Closure Dates

The day, Date, Time and Venue of the 30th Annual General Meeting and Book Closure Dates in relation thereto have been indicated in the Notice Convening the AGM, which forms part of the Annual report.

Financial Year

The financial year of the Company is from 1 April to 31 March every year.

Tentative Schedule for the Meetings for the financial year 2018-19

Financial Year	**2018-19**
Board meetings for approval of quarterly results	
-Quarter ended 30 June 2018	Within 2nd Week of August 2018
-Quarter ended 30 September 2018	Within 2nd week of November 2018
-Quarter ended 31 December 2018	Within 2nd week of February 2019
-Audited Financial Results for the year ended 31 March 2019	Within 60 days from the end of the financial year
Annual General Meeting for the financial year 2018-19	In accordance with Section 96 of the 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 48hrs before the meeting

Dividend payment date

The Company will remit the dividend within a period of 30 days from the date of declaration and the required funds will be transferred to the Dividend Account within 5 days from the date of the Annual General Meeting.

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	HSCL

The Company has remitted the listing fee to the Stock Exchanges.

ANNEXURE X
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Non-Convertible Debentures: The Non-Convertible Debentures (NCDs) issued by the Company on private placement basis aggregating to ₹ 150 Crores are listed at BSE Limited. The details are given hereunder:

Sl. No.	Details of NCD	Stock Exchange	Listing Code	ISIN Number
1	2,500,000, 10.00 % Secured, Redeemable Non-Convertible Debentures of ₹ 400/- each aggregating to ₹ 100 Crores issued on Private placement basis to LIC of India	BSE Limited	946887	INE019C07023
2	500, 12.50% Secured, Redeemable Non-Convertible Debentures of ₹ 1,000,000/- each aggregating to ₹ 50 Crores issued on Private placement basis to LIC of India	BSE Limited	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).

Market price data

Monthly high / low market price of the shares during the financial year 2017-18 at the BSE Limited and at National Stock Exchange of India Ltd were as under: -

Month	BSE Amount in ₹		NSE Amount in ₹	
	High	Low	High	Low
Apr-17	57.70	44.35	57.70	44.00
May-17	67.70	54.00	67.70	54.10
Jun-17	79.10	58.85	79.00	58.65
Jul-17	88.40	71.65	88.30	73.00
Aug-17	106.35	72.40	105.85	72.60
Sep-17	145.35	102.20	145.40	102.25
Oct-17	178.30	137.10	178.20	136.95
Nov-17	177.95	135.00	177.95	152.15
Dec-17	168.70	147.50	168.80	147.00
Jan-18	197.00	151.50	196.80	151.50
Feb-18	186.40	144.75	160.90	144.00
Mar-18	161.00	141.00	160.90	141.00

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
2017-18	+235.85%	+11.30%	+234.06%	+10.25%

Registrar and Share Transfer Agent

The Company has 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 has 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 exchange of new

ANNEXURE X
of the Board's Report (Contd.)

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.

Share Transfer System

The Company ensures that all transfers are duly affected within the prescribed period. The Board has 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 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.

Nomination facilities

Section 72 of the 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 Agent. In case of shares held in Demat form, such nomination is to be conveyed to the DP as per the formats prescribed by them.

Dividend remittance

Dividend on equity shares as recommended by the Board for the year ended 31 March 2018, when declared at the ensuing annual general 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 upon request of the shareholders, if any.

Electronic Clearing Service – NECS

Members desirous of receiving dividend by direct electronic deposits of dividend vide NECS 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 - 700 006, Ph No: 91-033- 22196797/ 4815.

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.

Unclaimed / Unpaid Dividend

The amount of unclaimed dividend are lying credit in separate bank accounts. Members may please note that pursuant to Section 124(5) and Section 125 of the Companies Act, 2013 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 2018, the following amounts are unclaimed and lying credit in separate bank accounts with various banks.

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Financial Year	Date of declaration	Amount Unpaid/ Unclaimed as on 31.03.2018	Due date for transfer to Investor Education and Protection Fund	Banker's name in which the unpaid amount is lying
2010-11	28 September 2011	480,354.10	3 November 2018	State Bank of India
2011-12	29 September 2012	505,540.20	4 November 2019	State Bank of India
2012-13	23 September 2013	536,305.70	29 October 2020	State Bank of India
2013-14	24 September 2014	522,413.60	30 October 2021	State Bank of India
2015-16	24 September 2016	325,526.70	30 October 2023	State Bank of India
2016-17	22 September 2017	606,716.40	28 October 2024	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.

Transfer of Shares to IEPF

During the financial year 2017-18, the Company has transferred 2,538,240 unclaimed shares of 1,745 shareholders in respect of which dividend has not been paid or claimed for seven consecutive years or more pursuant to Section 124 (6) of the Companies Act, 2013 to the credit of IEPF Authority as prescribed in Section 125 of the Companies Act, 2013 in DEMAT Account No: IN300708/ CL-ID: 10656671 through NSDL.

However, the shareholders may re-claim those shares from the IEPF Authority by complying with prescribed procedure and filing the e-Form (IEPF-5) online with MCA portal. The shareholder claiming the shares should take a print out of the e-Form (IEPF-5) and forward the same with all documents as mentioned in the e-form to the NODAL Officer of the Company for onward submission to the IEPF Authority along with verification report. The name, address and contact no of the NODAL Officer of the Company is given hereunder:

Name: Mr. Bajrang Lal Sharma,
Designation: Company Secretary & Compliance Officer
Himadri Speciality Chemical Ltd
Regd. Off: 23A, Netaji Subhas Road, 8th Floor, Suite No 15, Kolkata- 700 001
Corporate Office: 8, India Exchange Place, 2nd Floor, Kolkata- 700 001
Contact No: 033-22309953/ 22304363
E-mail: blsharma@himadri.com

Distribution of Shareholding and Shareholding Pattern as on 31 March 2018

Distribution of Shareholding as on 31 March 2018

No. of shares	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
Upto 5000	53,357	76.18	7,220,110	1.73
5001 to 10000	8,523	12.17	7,341,812	1.75
10001 to 20000	4,063	5.80	6,645,083	1.59
20001 to 30000	1,521	2.17	3,908,466	0.93
30001 to 40000	589	0.84	2,159,044	0.52
40001 to 50000	535	0.76	2,570,866	0.61
50001 to 100000	711	1.02	5,307,844	1.27
100001 to 500000	560	0.80	11,908,369	2.85
500001 to 1000000	67	0.10	4,930,902	1.18
1000001 and Above	112	0.16	366,415,371	87.57
Total	**70,038**	**100.00**	**418,407,867**	**100.00**

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of the Board's Report (Contd.)

Shareholding pattern as on 31 March 2018

Category of shareholders	No. of Shareholders	% of total number of shareholders	Number of shares held	% of the total number of shares
(A) Promoter Group				
(a) Directors & relatives	8	0.01	12,728,600	3.04
(b) Bodies corporate	4	0.01	192,086,607	45.91
Sub- total (A)	**12**	**0.02**	**204,815,207**	**48.95**
(B) Non-promoters				
(a) Mutual funds / UTI	3	0.01	2,251,551	0.54
(b) Financial institutions	1	0.00	321,123	0.08
(c) Foreign Company	1	0.00	103,178,860	24.66
(d) Foreign Portfolio	40	0.06	9,025,905	2.16
(e) Bodies corporate	848	1.21	29,806,299	7.11
(f) Individuals	67,680	96.63	67,054,437	16.03
(g) NRI(s)	1,451	2.07	1,918,720	0.46
(h) Nationalised Bank	2	0.00	35,765	0.01
Sub Total (B)	**70,026**	**99.98**	**213,592,660**	**51.05**
Total (A) + (B)	**70,038**	**100.00**	**418,407,867**	**100.00**

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 28 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 2018, out of the 418,407,867 equity shares of the Company 413,420,772 shares were held in Electronic form representing 98.80 % to the total paid up share capital, whereas balance of 4,987,095 shares were held in physical form representing 1.20% to the total paid up share capital of the Company.

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.

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Locations of Plants

Sl. No.	Location of Plant
1	Mahistikry, P.S. - Haripal, District - Hooghly (W.B.)
2	Liluah Unit (Howrah), 58, N.S. Road, Liluah, Howrah - 711 204 (W. B.)
3	Liluah Unit (Howrah), 27-B, Gadadhar Bhatt Road, Liluah, Howrah - 711 204 (W.B.)
4	Korba Unit - Vill - Jhagrah, Rajgamar Colliery, Korba - 495683 (Chhattisgarh)
5	Vizag Unit - Plot No. 67, 68 & 69, Ancillary Industrial Estate, Vill: Pedagantyada, PIN - 530 013 (A. P.)
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	Sambalpur Unit, Kenghati. P.O Jayantpur, Sambalpur - 768112
9	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
10	China Unit, Longkou, Shandong, China.

Address for correspondence

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

Himadri Speciality Chemical Ltd
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.

13. 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, Hongkong 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 https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf

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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 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 transactions 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 the financial year 2017-18 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 Indian Accounting Standard (Ind AS 24) "Related Party Disclosures" are disclosed in the Notes to the Financial Statements of the Company for the year ended 31 March 2018.

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 as on the close of the financial year 2017-18. 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 has 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. The whistle blowers may also lodge their complaints/concern with the Chairman of the Audit Committee,

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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 has complied 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 are 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 2017 together with Notice of the Annual General Meeting in electronic mode to those shareholders who had 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 2017 in physical form was sent at their registered address.

b. Unmodified Audit Opinion

During the year under review, there is no audit qualification in your Company's standalone financial statements. Your Company continues to adopt best practices to ensure regime of financial statements with unmodified audit qualifications.

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 issue of Securities by means of Public issue, Rights Issue, Preferential Issue, etc. during the financial year ended 31 March 2018.

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: https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.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 https://www.himadri.com/pdf/corporate_governance/policy_on_related_party_transactions.pdf

ANNEXURE X
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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.

xi. **Disclosure of the Compliance of the Corporate Governance.**

The Company is in compliance with the Corporate Governance requirements as specified in Regulation 17 to 27 except Regulation 21 as the same is not applicable to the Company and the Company is also in compliance with the requirements of dissemination of the information of as required in terms of Regulation 46 (2) of the SEBI Listing Regulations.

Details of corporate policies

Sl. No.	Policy	Link
1	Corporate Social Responsibility Policy	https://www.himadri.com/pdf/corporate_governance/policy_on_corporate_social_responsibility.pdf
2	Composition and Profile of the Board of Directors	https://www.himadri.com/leadership
3	Terms and Conditions of appointment of Independent Directors	https://www.himadri.com/corporate_governance
4	Familiarization Programme for Independent Directors	https://www.himadri.com/corporate_governance
5	Remuneration policy of Directors, KMPs & other Employees	https://www.himadri.com/pdf/corporate_governance/nomination_and_remunaration_policy_new.pdf
6	Code of Conduct	https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_all_director_and_senior_management.pdf
7	Criteria for making payments to Non-Executive Directors/ Executive directors	https://www.himadri.com/pdf/corporate_governance/nomination_and_remunaration_policy_new.pdf
8	Code of Conduct for Non-Executive Directors	https://www.himadri.com/pdf/corporate_governance/code_of_conduct_for_independent_directors.pdf
9	Policy on Related Party Transactions	https://www.himadri.com/pdf/corporate_governance/policy_on_related_party_transactions.pdf
10	Policy on determining Material Subsidiaries	https://www.himadri.com/pdf/corporate_governance/policy_for_determining_material_subsidiary.pdf
11	Whistle Blower Policy	https://www.himadri.com/pdf/corporate_governance/policy_on_vigil_mechanism.pdf
12	Policy on determination of Materiality for Disclosure(s)	https://www.himadri.com/pdf/corporate_governance/policy_on_determination_of_materiality_of_events.pdf

For and on behalf of the Board

Sd/-
B. L. Choudhary
Managing Director
(DIN: 00173792)

Sd/-
S.S. Choudhary
Executive Director
(DIN: 00173732)

Dated: 21 May 2018
Place: Kolkata

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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 Speciality Chemical Ltd

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 2018.

For Himadri Speciality Chemical Ltd

Sd/-
Anurag Choudhary
Chief Executive Officer
Date: 21 May 2018

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

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

To

The Members

Himadri Speciality Chemical Ltd

Kolkata

We have examined the compliance of Corporate Governance by Himadri Speciality Chemical Ltd ("the Company") for the period between April 1, 2017 and March 31, 2018, 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") 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/-
Arun Kumar Maitra
Partner
Membership No.-A3010
CP No.-14490

Dated: 21.05.2018
Place: Kolkata

ANNEXURE X
of the Board's Report (Contd.)

CEO & CFO CERTIFICATION

To

The Members of

Himadri Speciality Chemical Ltd

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 2018 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.

For Himadri Speciality Chemical Ltd

	Sd/-	Sd/-
Dated: 29 May 2018	**Anurag Choudhary**	**Kamlesh Kumar Agarwal**
Place: Kolkata	*Chief Executive Officer*	*Chief Financial Officer*

ANNEXURE XI
of the Board's Report

BUSINESS RESPONSIBILITY REPORT

Section A: General information about the Company

1. **Corporate Identity Number (CIN):** L27106WB1987PLC042756
2. **Name of the Company:** Himadri Speciality Chemical Ltd (Formerly known as Himadri Chemicals & Industries Limited)
3. **Registered address:** 23A, Netaji Subhas Road, 8th Floor, Suite No. 15, Kolkata – 700 001
4. **Website:** www.himadri.com
5. **E-mail id:** investors@himadri.com
6. **Financial year reported:** 2017-18
7. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

Particulars	National Industrial Code
Carbon Materials & Chemicals	23999
Power	38210

8. **The key products/services manufactured :**
   i. **Carbon Materials and Chemicals**
   ii. **Power**
9. **Total number of locations where business activity is undertaken:**
   i. **Number of international locations**

   Himadri Speciality Chemical Ltd carries out its international operations in Longkou, Shandong, China through its step-down subsidiary in China – Shandong Dawn Himadri Chemical Industry Limited.

   ii. **Number of national locations:**

   The Company carries out its operation through its head office in Kolkata and several marketing offices across India. The Company has one manufacturing unit at Mahistikry, Hooghly, West Bengal, two manufacturing units at Liluah, Howrah, West Bengal, one unit at Falta SEZ, West Bengal, one unit each at Korba, Chhattisgarh, Vapi, Gujarat, Vishakhapatnam, Andhra Pradesh and Sambalpur, Odisha.
10. **Markets served by the Company: Local/State/ National/International**

   Himadri products are sold across India. In international markets, the geography Himadri primarily caters to include Asia, Middle East, Europe, Africa and America.

Section B: Financial details of the Company

1. **Paid up capital** (₹): 4,184.08 lakhs
2. **Total turnover** (₹): 202,152.30 lakhs
3. **Total profit after taxes** (₹): 24,257.46 lakhs
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of PAT (%)**:

   ₹ 33.03 lakhs which is 0.14% of the PAT
5. **List of activities in which expenditure in 4 above has been incurred:**

   Please refer **Annexure IX** of Board's Report

Section C: Other Details

1. **Does the Company have any subsidiary Company/ Companies?**

   Yes. HSCL has an unlisted non-material wholly owned Indian subsidiary Company, Equal Commodeal Private Limited ('ECPL') and also has two step down subsidiary Companies 1) AAT Global Limited incorporated 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 AAT Global Limited as on 31 March 2018.

ANNEXURE XI
of the Board's Report (Contd.)

2. **Do the subsidiary Company/Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).**

   No

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [>30%, 30-60%, < 60%]**

   The Company's BR Policy is applicable to the management and all employees of the Company. The Company encourages and expects its business partners to adopt the BR practices. However, no formal study has been undertaken as of date to ascertain the percentage of such entities who participate in BR activities.

Section D: BR information

1. a. **Details of Director/Directors responsible for BR implementation of the BR policy/policies**
   - i. **Name:** Mr. Bankey Lal Choudhary
   - ii. **Din number:** 00173792
   - iii. **Designation:** Managing Director
   - iv. **Telephone number:** 033-22309953
   - v. **E-mail id:** investors@himadri.com

   b. **Details of BR head**
   - i. **Name:** Mr. Anurag Choudhary
   - ii. **Designation:** Chief Executive Officer
   - iii. **Telephone number:** 033-22309953
   - iv. **E-mail id:** investors@himadri.com

2. **PRINCIPLE-WISE BR POLICIES AS PER NATIONAL VOLUNTARY GUIDELINES**

   The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

p1	Business should conduct and govern themselves with Ethics, Transparency and Accountability
p2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
p3	Businesses should promote the well-being of all employees
p4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
p5	Businesses should respect and promote human rights
p6	Business should respect, protect and make efforts to restore the environment
p7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
p8	Businesses should support inclusive growth and equitable development
p9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

ANNEXURE XI
of the Board's Report (Contd.)

(a) Details of Compliance (Reply in Y / N)

Questions		p1	p2	p3	p4	p5	p6	p7	p8	p9
1	Do you have a policy/ policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? if yes, specify? (50 words)	The policy is based on National Voluntary Guidelines on Social, Environmental & Economical Responsibilities of Business released by Ministry of Corporate Affairs in July 2011.								
4	Has the policy being approved by the Board? if yes, it has been signed by MD	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the Company have a specified committee of the Board / Director / official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Director responsible for BR and BR head are responsible for implementation of the policy								
6	Indicate the link for the policy to be viewed online?	https://www.himadri.com/pdf/corporate_governance/HSCL_BRR_POLICY.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	It has been posted on the Company's Website.								
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

ANNEXURE XI

of the Board's Report (Contd.)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	p1	p2	p3	p4	p5	p6	p7	p8	p9
1	The Company has not understood the Principles	Not Applicable								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. GOVERNANCE RELATED TO BR

i. Indicate the frequency with which the Board of Directors, committee of the Board or CEO to assess the BR performance of the Company. Within three months, 3-6 months, annually, more than 1 year:

The BR Head periodically assess the BR performance of the Company and the Board reviews the same annually.

ii. Does the Company publish a BR or a Sustainability report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has adopted its first BR report for FY 2017-18 which forms the part of the Annual Report. The same can be viewed on the website of the Company at www.himadri.com

Section E: Principle-wise performance

PRINCIPLE 1 - BUSINESS SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the Company? (yes/no). Does it extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs/Others?

The Company's policy on Ethics, Transparency and Accountability along with the Code of Conduct is applicable to all the individuals working in the Company. The Company encourages its business partners to follow the code. The policy also intends for fair dealings with customers, suppliers, contractors and other stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved? if so, provide details thereof, in about 50 words or so.

No stakeholder complaints were received pertaining to ethics, transparency and accountability violation in financial year 2017-18.

PRINCIPLE 2 - BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

- Coal Tar Pitch
- Carbon Black
- Naphthalene

ANNEXURE XI
of the Board's Report (Contd.)

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   Power: The Company produces and uses green power. The Company makes use of the exhaust gases generated during production of carbon black to produce captive power.

   Fuel: Coal tar, which is a key raw material, is a by-product of steel plants. The fuel derived from distillation of coal tar is used as energy source for production process.

   Water: We utilise all our effluent by treating chemically followed by reverse osmosis process. We have a zero discharge facility .

   Raw Material: The key raw material for the Company's integrated manufacturing process is coal tar, which is a by-product of steel plants. The Company sources coal tar from all steel plants generating the same in India and also imports from international markets.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof.**

   The Company considers aspects such as safety and environment in addition to commercial considerations while selecting its suppliers. Most of the raw materials are sourced from these suppliers.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The major raw material used by the Company in manufacturing its products are of such nature, which are generally not produced by small producers. However, for all other products the Company tries to procure from local supply chain partners which include small scale industries who meet our quality, delivery, cost and technology expectations. Efforts are continuously made to use local service providers for availing various support services at our various plants and services.

5. **Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.**

   The Company has a robust efficient effluent treatment process thereby enabling it continuously maintain Zero-discharge status across all the facilities.

   The Company has always strived to reduce waste associated with its products. There is an effort to reduce all wastes (including kitchen waste etc.). The Company is using the process wherein minimal waste is generated which has robust treatment measures around it. Water waste generated is recycled as input in other process. All air emissions are strictly within norms of SPCB and CPCB. Of the total input, waste generated and recycled is less than 5%.

PRINCIPLE 3 - BUSINESSES SHOULD PROMOTE THE WELL-BEING OF ALL EMPLOYEES

1. **Total number of employees:** 820
2. **Total number of employees hired on temporary/ contractual/casual basis:** 329 (hired in Financial Year 2017-18)
3. **Number of permanent women employees:** 24
4. **Number of permanent employees with disabilities:** 0
5. **Do you have an employee association that is recognised by management?**

   There is no employee association
6. **What percentage of your permanent employees is members of this recognised employee association?**

   Not Applicable

ANNEXURE XI
of the Board's Report (Contd.)

7. **Please indicate the number of complaints relating to Child labour, forced labour, involuntary labour, sexual harassment, Discriminatory employment in the last financial year and pending, as on the end of the financial year**

No.	Category	No of complaints filed during the year	No of complaints pending as on the end of financial year
1	Child labour forced labour, involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory employment.	Nil	Nil

8. **What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

   40 per cent of employees were trained on skill up-gradation training (Technical & Managerial together) and 42 per cent trained on safety.

PRINCIPLE 4 - BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED

1. **Has the Company mapped its internal and external Stakeholders?**

   Yes – the Company has done so consummately.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised Stakeholders?**

   Yes, we always actively work to identify underprivileged communities in and around our Manufacturing Sites to prioritise our Intervention and work on to serve their needs through our well-crafted CSR Programs. The needs are identified through various listening and learning methods and are prioritised by suitably addressing the needs of the Community and the long term strategic growth of the Company as well.

3. **Are there any special initiatives taken by Company to engage with the disadvantaged, vulnerable and marginalised Stakeholders? If so, provide details thereof, in about 50 words or so.**

   Yes. Himadri Speciality Chemical Ltd believes that it has an important role to play in the inclusive growth of the Society and the Community in which it operates

   - The Company has taken up Project for provision of Safe Drinking Water to each household in the Village.
   - The Company promotes Education and Literacy in adjoining villages. Free Distribution of Books is the initiative taken at the commencement of each Academic Year for the needy School Children so that they can seamlessly pursue their studies.
   - The Company provides Healthcare Facilities to the underprivileged in and around its Factory premises. A Medical Centre is run in the Village where the Manufacturing Activities of the Company is situated. It provides Free Medical Consultation and Free Medicine to the needy Villagers of all adjoining Villages around the year.

     Details of all the Activities listed above can be found in **Annexure IX** to the Board's Report.

PRINCIPLE 5 - BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint ventures/suppliers/contractors/NGOs/others?**

   The Company respects & protects the human rights of all people around and associated with it. The Company complies with applicable laws and regulation governing occupational health and safety. The Company applies principles of equal opportunity, fair treatment and zero tolerance for any form of unlawful discrimination or harassment of employees. The Company is holding ISO 9001:2008 and ISO 14001:2015

ANNEXURE XI
of the Board's Report (Contd.)

certification for Health and Safety Standards and Environment Management Standards. The Company expects its suppliers, contractors etc. to adhere to the principles of human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved?

No stakeholder complaints were received pertaining to human rights violation in financial year 2017-18.

PRINCIPLE 6 - BUSINESS SHOULD RESPECT, PROTECT AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to principle 6 cover only the Company or extends to the Group/Joint ventures/ suppliers/contractors/NGOs/others.

The Company is committed to safeguard the interest of environment with a view of sustainable development. For the same, Company has taken many environmental friendly initiatives and also carried out process modification to protect environment. The Company's Environmental policy is applicable to all its business places.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc? If yes, please give hyperlink for webpage etc.

The Company understands and recognizes that climate change and global warming are real threat to the global community and each and every person has a role & responsibility to address such alarming issue. The Company has taken the following initiatives to address these global environmental issues as:

i. **Anode material for Lithium-ion batteries:** The Company has developed anode material for lithium-ion batteries and is expanding its commercial capacity to market the same. Lithium-ion batteries are critical for industries like electric vehicles and renewable energy storage solutions thereby reducing the reliance on fossil fuel globally.

ii. **Operation of Boiler through waste flue gas generated from Carbon Black reactor during the production of Carbon Black:** The waste flue gas generated from the carbon black reactor is routed to the drier where it is being utilized for drying the Carbon Black. Thus, additional fuel is not required for the operation of drier thereby reducing the emission of Carbon-dioxide a green-house gas. The power generated by the Company is clean power eligible for carbon credits.

iii. **Use of heat exchanger:** The heat exchanger transfers some of the waste heat in the exhaust to the furnace air, thus preheating it before entering the fuel burner stage. Since the gases have been pre-heated, less fuel is required to heat the gases up to the furnace inlet temperature. By recovering some of the energy usually lost as waste heat, the heat exchanger can make reheating furnace more efficient. Less use of fuel ultimately leads to less generation of carbon-dioxide thereby contributing to global cause.

More information is available on following web link: https://www.himadri.com/sustainability

3. Does the Company identify and assess potential environmental risks?

Yes. The Company tries to identify, assess and address potential environmental risks related to its operations.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, is any environmental compliance report filed?

No, the Company presently does not have any project related to clean development mechanism.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc? If yes, please give hyperlink for web page etc.

The Company has taken certain initiatives towards conservation of energy and energy efficiency at its various plants. **Annexure VII** to the Board's Report contains details of the steps taken to conserve energy during the year.

Sustainable growth is an integral part of Company's philosophy and multiple projects and initiatives are undertaken to address clean technology, energy efficiency, renewable energy etc. The Company is **Carbon Positive** in its operations and has zero discharge facilities. Some of the initiatives are listed below:

ANNEXURE XI

of the Board's Report (Contd.)

Clean and green power: The Company generates power from flue gas generated during production of carbon black. This power is clean and green power. The power is used for captive consumption as well as sold to grid to reduce overall carbon footprint.

Alternative Source of energy: The Company has started commissioning alternate source of energy through use of solar panels for the lighting equipment as well as very long solar panels for the warehouse and packaging activity also contemplating to progressively use this source in critical manufacturing equipment.

Waste management: Well integrated system to handle wastes. E.g., all the water waste generated during process is utilised as input material for another process.

- Kitchen waste – we generate the bio-gas which in turn used for our canteen cooking
- A little amount of solid waste we dispose it off through ramkey with a permission of hazard cell of SPCB

6. **Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   All the plants of the Company comply with the prescribed emission norms of various Central/State pollution control boards. All the emission and waste generated by the Company is well within the permissible limits given by SPCB/CPCB for the financial year reported.

7. **Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year.**

   No show cause or legal notices from the pollution control authorities are pending as at the end of the financial year.

PRINCIPLE 7 - BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. **Is your Company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with.**

   (a) Bharat Chamber of Commerce
   (b) Indian Chamber of Commerce and Industry
   (c) Indo-German Chamber of Commerce
   (d) Federation of Indian Chambers of Commerce and Industry
   (e) CII
   (f) Hooghly Chamber of Commerce & Industry
   (g) ACAE Chartered Accountants' Study Circle – EIRC and (h) ASSOCHAM

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas.**

   We do from time to time take up issues through these associations on matters of public and industry interest.

PRINCIPLE 8 - BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The Company is committed to behave responsibly towards people, society and the environment for inclusive growth of the society. The Company has several socio-economic projects running in various areas and are taken as per the CSR policy of the Company which includes:

   - Promoting healthcare including preventing healthcare.
   - Promoting education and special education.
   - Eradicating hunger and making available safe drinking water.

   The details of specific CSR projects are given in **Annexure IX** to the Board's Report.

ANNEXURE XI
of the Board's Report (Contd.)

2. **Are the programmes/projects undertaken through in house team/own foundation/external NGO/ government structures/any other organisation?**

   The aforesaid projects have been carried out by the Company directly and/or through implementing agencies.

3. **Have you done any impact assessment of your initiative?**

   Efforts are made to make a general assessment of impact of some of the initiatives. The CSR Committee internally performs an impact assessment of its initiatives at the end of each year to understand the efficacy of the programs and to gain insight for improving the design and delivery of future initiatives. However, no structural impact assessment is put in place at present.

4. **What is your Company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?**

   During the year, the Company has spent INR 33.03 lakhs towards various CSR initiatives and projects. The details of the same are given in Annexure IX to the Board's Report.

5. **Have you taken steps to ensure that the community successfully adopts this community development initiative? Please explain in 50 words, or so.**

   All CSR projects and initiatives are planned with the objective of sustainable community development. The project is identified and developed as a facilitator within the CSR policy framework and presented to the CSR committee for its review, guidance and approval. The Company works directly and through implementing agencies of the project to ensure proper and meaningful adoption of these initiatives among the target community.

PRINCIPLE 9 - BUSINESSES SHOULD ENGAGE WITH AND VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. **What percentage of customer complaints/consumer cases are pending as on the end of the financial year?**

   No customer complaints are pending as on the end of the financial year.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Not Applicable

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year? If so, provide details thereof, in about 50 words or so.**

   There is no case against Himadri Speciality Chemical Ltd during last five years, relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   Himadri believes in providing best services to its customers. Time to time meeting(s) with customers are organized to understand their expectation and essentially to gauge our competitiveness in the business. Himadri leverages its presence across the country to remain consistently in touch with the customers through its business unit and mitigate their issues promptly. Feedbacks received from customers are implemented to further enhance quality of service. Our ongoing efforts have made us market leaders or significant players across all products we operate in.

For and on behalf of the Board

	Sd/-	Sd/-
	Bankey Lal Choudhary	**Shyam Sundar Choudhary**
Place: Kolkata	*Managing Director*	*Executive Director*
Date: 29 May 2018	(DIN: 00173792)	(DIN: 00173732)

INDEPENDENT AUDITOR'S REPORT

To the Members of Himadri Speciality Chemical Limited

(formerly known as Himadri Chemicals & Industries Limited)

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited) ("the Company") which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing these standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT (Contd.)

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
    d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
    e. On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
    f. With respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 standalone Ind AS financial statements - Refer note 8, 16, 24 and 35(a) to the standalone Ind AS financial statements;
        ii The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts including derivative contracts - Refer note 21 to the standalone Ind AS 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; and
        iv The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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: 29 May 2018

ANNEXURE A

to the Independent Auditor's Report of even date on the Standalone Ind AS financial statements of Himadri Speciality Chemical Limited- 31 March 2018

(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 as disclosed in note 4 to the standalone Ind AS financial statements, 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 at reasonable intervals 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 and in respect of goods in transit, subsequent goods receipts have been verified. 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, the provisions of paragraph 3(iii) of the Order are not applicable to the Company.

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

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the 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 the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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, Goods and service tax, Service tax, Duty of customs, Duty of excise, 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, Goods and Service Tax, Service tax, Duty of customs, Duty of excise, Cess and any other material

ANNEXURE A

to the Independent Auditor's Report of even date on the Standalone Ind AS financial statements of Himadri Speciality Chemical Limited- 31 March 2018 (Contd.)

statutory dues were in arrears as at 31 March 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Value added tax, Goods and Service Tax, Service tax, Duty of customs and Duty of excise 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	840.59	65.39	2005 to 2013	Appellate and Revision Board
		30.45	7.61	2005-2006	Sales Tax Appellate Tribunal
		1,733.58	85.03	2013-2015	Additional Commissioner
		0.89	0.42	2010-2011	Deputy Commissioner
West Bengal Value Added Tax Act, 2003	Value added tax	36.85	-	2008-2009	West Bengal Taxation Tribunal
		1,404.22	-	2005-2006 to 2007-2008, 2009-2010 to 2010-2011	Appellate and Revision Board
		257.91	-	2005-2006	Senior Joint Commissioner -Special Cell
		41.28	19.36	2013-2014	Additional Commissioner
Chhattisgarh Value Added Sales Tax Act, 2003	Value Added Tax	2.30	1.48	2010-2011	Deputy Commissioner
The Central Excise Act, 1944	Duty of Excise	2,061.27	-	2011 to 2016	Hon'ble high Court of Calcutta
		437.16	0.37	2006 to 2008, 2012 to 2016	Custom Excise and Service Tax Appellate Tribunal
		353.54	2.47	2004 to 2007, 2011 to 2017	Commissioner (Appeals) of Central Excise
The Custom Act, 1962	Custom duty	491.76	37.72	2000-2001, 2011-2016	Custom Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	41.00	-	2010-2011	Custom Excise and Service Tax Appellate Tribunal
		67.92	4.97	2010-2016	Commissioner of Central Excise
Chhattisgarh Entry Tax Act, 1976	Entry tax	465.71	248.38	2012-2017	Hon'ble High Court of Judicature Chhatisgarh at Bilaspur
The West Bengal Tax on entry of Goods into Local Areas, Act, 2012	Entry tax	2,147.44	-	2012-2013, 2015-2017	Hon'ble High Court of Calcutta
		2,710.45	-	2013-14 to 2014-15	West Bengal Taxation Tribunal

ANNEXURE A

to the Independent Auditor's Report of even date on the Standalone Ind AS financial statements of Himadri Speciality Chemical Limited- 31 March 2018 (Contd.)

(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 dues to debenture holders during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, during the year the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Term loans raised were applied during the year for the purpose for which it was obtained.

(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, the 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 Section 177 and Section 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

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

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into 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, the 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, the 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: 29 May 2018

ANNEXURE B

to the Independent Auditor's Report
(Referred to in our report of even date)

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

We have audited the internal financial controls with reference to financial statements of Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited) ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls with reference to financial statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 Act, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 standalone Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal financial controls with reference to financial statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements 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

ANNEXURE B

to the Independent Auditor's Report
(Referred to in our report of even date) (Contd.)

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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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: 29 May 2018

STANDALONE BALANCE SHEET
as at 31 March 2018

Amount in ₹ Lakhs

	Note	31 March 2018	31 March 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4	**109,680.58**	110,297.38
(b) Capital work-in-progress	5	**1,768.01**	936.45
(c) Intangible assets	6	**236.14**	-
(d) Financial assets			
(i) Investments	7	**35,324.03**	16,658.38
(ii) Trade receivables	8	**798.79**	798.79
(iii) Loans	11	**4,718.29**	2,499.95
(iv) Other financial assets	12	**3.04**	6.71
(e) Deferred tax assets	33	**15,462.90**	7,853.02
(f) Non-current tax assets (net)	13	**486.68**	409.72
(g) Other non-current assets	14	**5,317.03**	2,716.25
Total Non-current assets		**173,795.49**	142,176.65
(2) Current assets			
(a) Inventories	15	**41,519.79**	39,207.05
(b) Financial assets			
(i) Investments	7	**-**	25.08
(ii) Trade receivables	8	**26,988.68**	21,561.06
(iii) Cash and cash equivalents	9	**1,718.04**	1,132.72
(iv) Bank balances other than (iii) above	10	**1,431.07**	2,466.06
(v) Loans	11	**268.23**	418.56
(vi) Other financial assets	12	**812.40**	1,062.26
(c) Other current assets	16	**10,226.76**	9,381.04
Total Current assets		**82,964.97**	75,253.83
TOTAL ASSETS		**256,760.46**	217,430.48
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	**4,184.08**	4,184.08
(b) Other equity	18	**141,448.47**	103,625.68
Total Equity		**145,632.55**	107,809.76
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**23,119.18**	38,703.12
(ii) Derivatives	21	**583.65**	882.32
(iii) Other financial liabilities	22	**25.77**	25.77
(b) Provisions	24	**255.22**	178.86
(c) Deferred tax liabilities (net)	33	**25,173.74**	8,974.27
Total Non-current liabilities		**49,157.56**	48,764.34
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**36,422.53**	33,868.94
(ii) Trade payables	20	**11,826.22**	14,931.38
(iii) Derivatives	21	**185.91**	4,594.40
(iv) Other financial liabilities	22	**7,659.55**	3,966.78
(b) Other current liabilities	23	**5,757.31**	3,167.68
(c) Provisions	24	**40.24**	18.19
(d) Current tax liabilities (net)	25	**78.59**	309.01
Total Current liabilities		**61,970.35**	60,856.38
TOTAL EQUITY AND LIABILITIES		**256,760.46**	217,430.48
Significant accounting policies	3		
The accompanying notes form an integral part of the standalone 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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

STANDALONE STATEMENT OF PROFIT & LOSS

for the year ended 31 March 2018

Amount in ₹ Lakhs

	Note	Year ended 31 March 2018	Year ended 31 March 2017
I. Revenue from operations	26	**202,152.30**	147,125.42
II. Other income	27	**776.73**	789.87
III. Total income (I + II)		**202,929.03**	147,915.29
IV. Expenses			
Cost of materials consumed	28	**133,249.40**	88,052.80
Changes in inventories of finished goods and work in-progress	29	**(771.63)**	645.87
Excise duty		**5,034.56**	14,708.21
Employee benefits expense	30	**4,663.10**	3,585.39
Finance costs	31	**7,042.98**	8,047.45
Depreciation and amortisation expense	4 and 6	**3,141.42**	3,097.36
Other expenses	32	**14,976.70**	17,438.08
Total expenses		**167,336.53**	135,575.16
V. Profit before tax (III-IV)		**35,592.50**	12,340.13
VI. Tax expenses	33		
Current tax		**7,609.88**	2,644.45
Deferred tax		**3,725.16**	1,578.31
VII. Profit for the year (V-VI)		**24,257.46**	8,117.37
VIII. Other comprehensive income (net of tax)			
A. Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of defined benefit liability/ (asset)		**(13.58)**	(11.69)
(b) Equity instruments through other comprehensive income - net change in fair value		**13,794.02**	5,509.67
Net other comprehensive income not to be reclassified subsequently to profit or loss		**13,780.44**	5,497.98
B. Items that will be reclassified subsequently to profit or loss			
(a) Effective portion of gains/(losses) on hedging instruments in cash flow hedges		**3,882.61**	168.36
(b) Effective portion of gains/(losses) on hedging instruments in cash flow hedges reclassified to profit and loss		**(3,774.56)**	-
Net other comprehensive income to be reclassified subsequently to profit or loss		**108.05**	168.36
Other comprehensive income for the year, net of tax		**13,888.49**	5,666.34
IX. Total comprehensive income for the year (VII+VIII)		**38,145.95**	13,783.71
X. Earnings per equity share	34		
[Face value of equity share ₹ **1** each (previous year ₹ 1 each)]			
- Basic		**5.80**	1.94
- Diluted		**5.80**	1.94
Significant accounting policies	3		
The accompanying notes form an integral part of the standalone 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 and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

Place: Kolkata
Date: 29 May 2018

STANDALONE STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

A. Equity share capital

Particulars	Note	Number	Amount in ₹ Lakhs
Balance as at 1 April 2016		418,407,867	4,184.08
Changes in equity share capital during 2016-17	17	-	-
Balance as at 31 March 2017		418,407,867	4,184.08
Changes in equity share capital during 2017-18	17	-	-
Balance as at 31 March 2018		**418,407,867**	**4,184.08**

B. Other equity

Amount in ₹ Lakhs

Particulars	Note	Reserves and surplus						Items of OCI		Total
		Capital reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Effective portion of cash flow hedge	Equity instruments through other comprehensive income	
Balance at 1 April 2016		1,280.50	45,365.53	3,535.71	13,669.94	-	26,330.73	(2,511.28)	239.00	87,910.13
Total comprehensive income for the year ended 31 March 2017										
Profit or Loss		-	-	-	-	-	8,117.37	-	-	8,117.37
Other comprehensive income (net of tax)		-	-	-	-	-	(11.69)	168.36	5,509.67	5,666.34
Total comprehensive income		-	-	-	-	-	8,105.68	168.36	5,509.67	13,783.71
Dividends (including corporate dividend tax)	49	-	-	-	-	-	(251.79)	-	-	(251.79)
Fair value changes on derivatives designated as cash flow hedge	43(d)	-	-	-	-	-	-	2,158.23	-	2,158.23
Share based payments- Equity settled	39	-	-	-	-	25.40	-	-	-	25.40
Transfer to debenture redemption reserve		-	-	678.56	-	-	(678.56)	-	-	-
Balance at 31 March 2017		1,280.50	45,365.53	4,214.27	13,669.94	25.40	33,506.06	(184.69)	5,748.67	103,625.68

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

Particulars	Note	Reserves and surplus						Items of OCI		Total
		Capital reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Effective portion of cash flow hedge	Equity instruments through other comprehensive income	
Balance at 1 April 2017		1,280.50	45,365.53	4,214.27	13,669.94	25.40	33,506.06	(184.69)	5,748.67	103,625.68
Total comprehensive income for the year ended 31 March 2018										
Profit or Loss		-	-	-	-	-	24,257.46	-	-	24,257.46
Other comprehensive income (net of tax)		-	-	-	-	-	(13.58)	108.05	13,794.02	13,888.49
Total comprehensive income		-	-	-	-	-	24,243.88	108.05	13,794.02	38,145.95
Dividends (including corporate dividend tax)	49	-	-	-	-	-	(503.59)	-	-	(503.59)
Fair value changes on derivatives designated as cash flow hedge	43(d)	-	-	-	-	-	-	76.64	-	76.64
Share based payments- Equity settled	39	-	-	-	-	103.79	-	-	-	103.79
Transfer from debenture redemption reserve		-	-	(1,750.00)	1,750.00	-	-	-	-	-
Transfer to debenture redemption reserve		-	-	428.56	-	-	(428.56)	-	-	-
Balance at 31 March 2018		1,280.50	45,365.53	2,892.83	15,419.94	129.19	56,817.79	-	19,542.69	141,448.47
Significant accounting policies	3									

The accompanying notes form an integral part of the standalone 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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

STANDALONE STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

Amount in ₹ Lakhs

		Year ended 31 March 2018		Year ended 31 March 2017	
A.	**Cash flows from operating activities**				
	Net profit before tax		**35,592.50**		12,340.13
	Adjustments for:				
	Depreciation and amortisation expense	**3,141.42**		3,097.36	
	Share based payments	**103.79**		25.40	
	Finance costs	**7,042.98**		8,047.45	
	Interest income	**(298.71)**		(360.69)	
	Unwinding of discount on security deposits and others	**(227.27)**		(166.63)	
	Gain of fair valuation of investments through profit or loss	**(0.63)**		(65.56)	
	Dividend income on equity instruments	**(0.08)**		(0.22)	
	Guarantee fee	**(7.28)**		(36.76)	
	Gain on sale of current investments (mutual funds)	**(11.35)**		(29.57)	
	Foreign exchange fluctuation (net)	**781.12**		1,873.62	
	Net gain on sale of property, plant and equipment	**-**		(39.21)	
			10,523.99		12,345.19
	Operating cash flows before working capital changes		**46,116.49**		24,685.32
	Working capital adjustments:				
	(Increase) in inventories	**(2,312.74)**		(7,705.71)	
	(Increase) in trade receivables	**(5,405.93)**		(1,593.90)	
	(Increase) in financial and other assets	**(979.81)**		(730.68)	
	Increase/ (decrease) in trade payables	**(3,111.35)**		6,269.77	
	Increase/ (decrease) in financial, other liabilities and provisions	**(1,721.75)**		1,899.70	
			(13,531.58)		(1,860.82)
	Cash generated from operating activities		**32,584.91**		22,824.50
	Income tax paid (net)		**(7,922.68)**		(2,338.44)
	Net cash from operating activities (A)		**24,662.23**		20,486.06
B.	**Cash flows from investing activities**				
	Acquisition of property, plant and equipments	**(5,205.17)**		(1,153.49)	
	Proceeds from sale of property, plant and equipments	**-**		44.61	
	Interest income received	**372.50**		334.29	
	Dividends received	**0.08**		0.22	
	Guarantee fee received	**125.29**		1.89	
	Loan to a subsidiary	**(2,421.41)**		(154.44)	
	Proceeds from sale of investments	**6,237.05**		2,802.66	
	Purchase of investments	**(6,200.00)**		-	
	(Investment)/ redemption in fixed deposits with banks (having maturity of more than 3 months)	**1,038.63**		(781.27)	
	Net cash provided/ (used) in Investing activities (B)		**(6,053.03)**		1,094.47

STANDALONE STATEMENT OF CASH FLOWS

for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

		Year ended 31 March 2018		Year ended 31 March 2017	
C.	**Cash flows from financing activities**				
	Repayment of non convertible debentures	**(10,000.00)**		-	
	Proceeds from non-current borrowings	**13,122.63**		5,053.04	
	Repayment of non-current borrowings	**(15,223.53)**		(10,974.60)	
	Increase/ (decrease) in current borrowings	**1,959.35**		(4,941.89)	
	Interest paid	**(6,460.46)**		(10,255.11)	
	Net proceeds/ (outflow) on settlement of derivative contracts	**(917.54)**		(896.99)	
	Dividend paid (including dividend distribution tax)	**(503.59)**		(251.79)	
	Net cash provided by/ (used in) financing activities (C)		**(18,023.14)**		(22,267.34)
	Net Increase/ (decrease) in cash and cash equivalents (A+B+C)		**586.06**		(686.81)
	Cash and cash equivalents at 1 April		**1,132.72**		1,819.97
	(refer note 9 to the Standalone financial statements)				
	Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts)		**(0.74)**		(0.44)
	Cash and cash equivalents at 31 March		**1,718.04**		1,132.72
	(refer note 9 to the Standalone financial statements)				

Notes:

1. Standalone Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 specified under Section 133 of the Companies Act, 2013.
2. Acquisition of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
3. Change in Liability arising from financing activities

Amount in ₹ Lakhs

	1 April 2017	Cash flow (net)	Foreign exchange movement	Fair Value Changes	31 March 2018
Borrowing (including current maturities of long-term debt) - Non Current	41,543.32	(12,100.90)	88.46	62.02	29,592.90
Borrowing - Current	33,868.94	1,959.35	594.24	-	36,422.53

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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. Reporting entity

Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited '(the Company') is a public company domiciled and headquartered in India, having its registered office situated at 23A, N. S Road, Kolkata and corporate office situated at 8, India Exchange Place, 2nd floor, Kolkata - 700 001. The Company was incorporated on 28 July 1987 and its shares are listed on 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 the name of Shandong Dawn Himadri Chemical Industry Limited, incorporated in China.

2. Basis of preparation of Standalone financial statements

(a) Statement of compliance

These Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 Companies Act, 2013 ('Act') and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India ('SEBI'), as applicable.

The Standalone financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on 29 May 2018.

The details of the Company's accounting policies are included in note 3.

(b) Functional and presentation currency

These Standalone financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

(c) Basis of measurement

The Standalone financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

(i) Derivative financial instruments measured at fair value;

(ii) Certain financial assets and financial liabilities measured at fair value;

(iii) Assets held for sale-measured at the lower of its carrying amount and fair value less costs to sell;

(iv) Employee's defined benefit plan as per actuarial valuation, and

(v) Share-based payments

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(d) Use of estimates and judgements

The preparation of the Company's Standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying notes and disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Standalone financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. The changes in the estimates are reflected in the Standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Standalone financial statements.

Critical accounting estimates and key sources of estimation uncertainty: Key assumptions

(i) Useful lives of Property, plant and equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/ component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets. See note 3 (d) and 4 for details.

(ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility risk, credit risk and volatility. See note 3 (v) and 42 for details.

(iii) Defined benefit plan

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuations using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 3(g) and 38 for details.

(iv) Share-based payments

The Company measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 39.

(v) Recognition of current tax and deferred tax

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted by the reporting date and the amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. See note 3(n) and 33 for details.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(vi) Recognition and measurement of provisions and contingencies

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. See note 24, 35(a) and 43 for details.

(e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Company has an established control framework with respect to the measurement of fair values.

The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 43.

3. Significant accounting policies

(a) Current Vs. 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.

Assets

An asset is classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is expected to be realised within 12 months after the reporting date; or

(iv) 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in the Company's normal operating cycle;

(ii) it is held primarily for the purpose of being traded;

(iii) it is due to be settled within 12 months after the reporting date; or

(iv) 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.

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

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.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Company under Ind AS 101.

(c) Financial instruments

(i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)– Equity Investment; or
- fair value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

(a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

The effective interest rate (EIR) amortisation is included in finance income in the Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

Financial assets at FVTPL

All financial assets which are not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the EIR. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is recognised in Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Statement of Profit and Loss.

Investments in subsidiary is carried at cost in standalone financial statements.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities through FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. See note 3(c)(v) for financial liabilities designated as hedging instruments.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are recognised in the Statement of Profit and Loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the EIR method Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Financial guarantee liability

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value net off transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset:

- when the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Statement of Profit and Loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Company uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk in forecast transactions and firm commitments.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 *"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.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Statement of Profit and Loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, the amount accumulated in other equity is reclassified to Statement of Profit and Loss in the same period or periods during which the hedged expected future cash flows affect Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Statement of Profit and Loss.

If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Statement of Profit and Loss.

Derivatives that are not designated as hedge

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Statement of Profit and Loss.

(vi) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Embedded derivative are accounted for as separate derivative and recorded at fair value with changes in fair value recognised in Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

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

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss. Property, plant and equipment under construction are disclosed as Capital work-in-progress. 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'.

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016 are continued to be capitalised as per policy stated in note 3 (b) above.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on Property, Plant and equipments 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.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. 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. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Buildings	10-60	30
Plant and equipment	5-60	8-40
Office equipment	5-25	5
Vehicles	8-10	6-10
Furniture and fixtures	10	8-10

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation report obtained from an independent valuer, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Estimates in respect of Plant and equipment and Building were revised w.e.f 1 April 2016.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off/ discard).

(e) Intangible Assets

(i) Recognition and measurement

Intangible assets includes computer software which are acquired by the Company and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment loss.

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.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Amortisation

Amortisation in respect to all the intangible assets is provided on straight line method over the useful lives of assets based on the evaluation. The useful life of such intangible assets for Computer software is 5 years

(f) Impairment

(i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Statement of Profit and Loss.

In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 *Financial Instruments for recognition of impairment loss allowance*. The application of simplified approach does not require the Company to track changes in credit risk. The Company calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including subsequent information.

(ii) Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

(g) Employee benefits

(i) Short-term employee benefits

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

(ii) Share- based payment transactions

The Company recognises compensation expense relating to share-based payments in Statement of Profit and Loss using fair value in accordance with Ind AS 102, Share Based Payment.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions (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. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements. The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The 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.

(v) Compensated absences

As per policy of the Company, 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 current 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. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(i) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Excise duty liability is included in the valuation of closing inventory of the finished goods.

In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

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.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(j) Revenue- Sale of products

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and quantity discounts and exclusive of Sales tax and Value added tax (VAT) and Goods and Service Tax (GST) and is inclusive of excise duty. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale. Export incentives (duty drawback) are recognised on accrual basis against goods exported.

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.

(k) Government Grants

Government grants are recognised in the Statement of Profit and Loss as other operating revenue on a systematic basis over the periods in which the Company recognises the related costs for which the grants are intended to compensate.

Government grants that are receivable towards capital investments under State Incentive Scheme are recognised in the Statement of Profit and Loss in the period in which they become receivable.

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and is being recognised in the Statement of Profit and Loss. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(l) Recognition of dividend income, interest income or expense

Dividend income is recognised in Statement of Profit and Loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(m) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

(ii) Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's Balance Sheet. Payments made under operating leases are recognised in the Statement of Profit or Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

(iii) Lease payments

Payments made under operating leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Income tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (tax base). Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

(o) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

(r) 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.

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(t) 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 THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(u) Operating segment

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance. The Company has currently two reportable segments viz. Carbon materials and chemicals and Power.

(v) Determination of fair values

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

(ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI.

Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

(iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iv) Derivative financial liabilities

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(vi) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk free interest rate (based on government bonds).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

3A. Recent accounting pronouncements- Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2018:

(i) Revenue from contracts with customers- Ind AS 115

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

(ii) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

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4. Property, plant and equipment

See accounting policies in note 3(d) and (f)

Reconciliation of carrying amount

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Office equipment	Total
Cost or deemed cost (Gross carrying amount)								
Balance at 1 April 2016	3,600.94	304.35	7,227.14	135,053.13	736.16	833.43	1,556.00	149,311.15
Additions	69.86	29.81	144.58	2,885.28	0.72	65.81	104.44	3,300.50
Disposals/ discard	(3.65)	-	-	-	-	(5.59)	-	(9.24)
Effect of movement in foreign exchange rates	-	-	-	15.36	-	-	-	15.36
Balance at 31 March 2017	**3,667.15**	**334.16**	**7,371.72**	**137,953.77**	**736.88**	**893.65**	**1,660.44**	**152,617.77**
Balance at 1 April 2017	**3,667.15**	**334.16**	**7,371.72**	**137,953.77**	**736.88**	**893.65**	**1,660.44**	**152,617.77**
Additions	**40.00**	**-**	**202.56**	**1,986.56**	**25.88**	**80.29**	**100.74**	**2,436.03**
Disposals/ discard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Effect of movement in foreign exchange rates	**-**	**-**	**-**	**88.46**	**-**	**-**	**-**	**88.46**
Balance at 31 March 2018	**3,707.15**	**334.16**	**7,574.28**	**140,028.79**	**762.76**	**973.94**	**1,761.18**	**155,142.26**
Accumulated depreciation and amortisation								
Balance at 1 April 2016	-	-	1,842.39	35,003.89	415.06	538.84	1,426.70	39,226.88
Depreciation/ amortisation for the year	-	13.75	197.01	2,684.43	71.25	84.70	46.22	3,097.36
Adjustments/ disposals	-	-	-	-	-	(3.85)	-	(3.85)
Balance at 31 March 2017	**-**	**13.75**	**2,039.40**	**37,688.32**	**486.31**	**619.69**	**1,472.92**	**42,320.39**
Balance at 1 April 2017	**-**	**13.75**	**2,039.40**	**37,688.32**	**486.31**	**619.69**	**1,472.92**	**42,320.39**
Depreciation/ amortisation for the year	**-**	**13.75**	**198.63**	**2,749.33**	**68.50**	**72.26**	**38.82**	**3,141.29**
Adjustments/ disposals	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2018	**-**	**27.50**	**2,238.03**	**40,437.65**	**554.81**	**691.95**	**1,511.74**	**45,461.68**
Carrying amounts (net)								
At 31 March 2017	3,667.15	320.41	5,332.32	100,265.45	250.57	273.96	187.52	110,297.38
At 31 March 2018	**3,707.15**	**306.66**	**5,336.25**	**99,591.14**	**207.95**	**281.99**	**249.44**	**109,680.58**

Notes:

(a) As at 31 March 2018, Property, plant and equipment with carrying amount of ₹ **106,036.35 lakhs** (31 March 2017: ₹ 106,423.43 lakhs) are subject to first charge to secure borrowings (refer note 19).

(b) Closing gross carrying amount includes Research and Development assets (Building, Plant and equipment, Furniture and fittings and Office equipment) of ₹ **1,446.01 lakhs** (31 March 2017: ₹ 1,254.12 lakhs) and Net Block of ₹ **916.29 lakhs** (31 March 2017: ₹ 815.95 lakhs). Additions for the Research and development assets during the year 2017-18 is ₹ **191.89 lakhs.**

(c) During the previous year ended 31 March 2017, on the basis of technical report obtained from an independent valuer, the management had reassessed estimated useful life of Plant and equipment and Buildings with effect from 1 April 2016. As a result, the depreciation charge for the previous year ended 31 March 2017 was lower by ₹ 2,859.93 lakhs and profit before tax for the previous year ended 31 March 2017 was higher by ₹ 2,859.93 lakhs.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
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5. Capital work-in-progress

See accounting policy in note 3(d)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
At the beginning of the year	**936.45**	2,732.70
Additions during the year	**3,275.96**	1,376.99
Capitalised during the year	**(2,444.40)**	(3,173.24)
At the end of the year	**1,768.01**	936.45

Capital work-in-progress includes:

Expenditure incurred during construction period on substantial expansion / new manufacturing facility of the Company, given below:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
At the beginning of the year	**17.46**	198.84
Additions during the year:		
Employee benefits expense	**48.50**	11.68
Power and fuel	**-**	1.66
Rates and taxes	**50.00**	7.80
Repairs	**-**	1.05
Rent	**-**	3.73
Miscellaneous expenses (includes consultancy charges, inspection charges, testing charges, etc.)	**108.39**	52.53
	206.89	78.45
Less: Capitalised during the year	**-**	259.83
At the end of the year	**224.35**	17.46

6. Intangible assets

See accounting policies in note 3(e) and (f)

Reconciliation of carrying amount

Amount in ₹ Lakhs

	Computer Software	Total
Cost or deemed cost (Gross carrying amount)		
Balance at 1 April 2016	-	-
Additions	-	-
Disposals/ Discard	-	-
Balance at 31 March 2017	**-**	**-**
Balance at 1 April 2017	**-**	-
Additions*	**236.27**	236.27
Disposals/ Discard	**-**	-
Balance at 31 March 2018	**236.27**	**236.27**
Accumulated amortisation		
Balance at 1 April 2016	-	-
Amortisation for the year	-	-
Adjustments/ Disposals	-	-
Balance at 31 March 2017	**-**	**-**
Balance at 1 April 2017	-	-
Amortisation for the year	**0.13**	**0.13**
Adjustments/ Disposals	-	-
Balance at 31 March 2018	**0.13**	**0.13**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	Computer Software	Total
Carrying amounts (net)		
At 31 March 2017	-	-
At 31 March 2018	**236.14**	**236.14**

*Capitalised on 31 March 2018

7. Investments

See accounting policies in note 3(c)(i) - (ii), (c)(v) and (f)(i)

A. Non-current investments

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Investments in subsidiaries carried at cost		
Equity instruments		
10,000 (31 March 2017: 10,000) equity shares of Equal Commodeal Private Limited, a wholly-owned subsidiary (face value - ₹ 10 each, fully paid-up)	**1.00**	1.00
Debentures or bonds		
800 (31 March 2017: 800) 1.50% Fully Convertible Debentures in Equal Commodeal Private Limited, a wholly-owned subsidiary (face value - ₹ 1,000,000 each, fully paid-up)	**8,000.00**	8,000.00
	8,001.00	8,001.00
Equity instruments carried at fair value through other comprehensive income (FVOCI)		
Quoted		
334,900 (31 March 2017: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each)	**5,790.09**	1,796.07
8,000 (31 March 2017: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each)	**2.60**	1.80
	5,792.69	1,797.87
Unquoted		
720,000 (31 March 2017: 720,000) equity shares of Himadri Dyes & Intermediates Limited (face value - ₹ 10 each)	**12,109.68**	3,755.52
17,000 (31 March 2017: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each)	**1.52**	1.56
493,300 (31 March 2017: 493,300) equity shares of Himadri Industries Limited (face value - ₹ 10 each)	**9,419.07**	3,102.36
	21,530.27	6,859.44
Government securities (unquoted) carried at amortised cost		
Kisan Vikas Patra (Deposited with sales tax authorities)	**0.07**	0.07
Total	**35,324.03**	16,658.38
Aggregate book value of quoted investments	**5,792.69**	1,797.87
Aggregate market value of quoted investments	**5,792.69**	1,797.87
Aggregate value of unquoted investments	**29,531.34**	14,860.51

The Company, on 31 March 2014, invested in 800, 1.50% Optionally Convertible Debentures ("OCDs") of face value of ₹ 1,000,000 each of Equal Commodeal Private Limited, aggregating to ₹ 8,000 lakhs by way of private placement. The said debentures were, at the option of the debenture holder

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

redeemable at par, in part or in full, anytime on or after 12 months from the date of allotment or convertible into equity shares at the end of 10 years from the date of allotment at a price equal to Net Asset Value as per the last audited Balance Sheet of Equal Commodeal Private Limited.

During the previous year ended 31 March 2017, the terms of the existing OCDs were amended and accordingly, by way of approval of the board of directors, passed at the meeting held on 31 March 2017, the above OCDs stand as Fully Convertible Debentures (FCD) into equity shares, at par, of full value of ₹ 8,000 lakhs, at the end of the maturity, with option with the FCD holder to opt for an early conversion at any time during the tenure of the FCD. The coupon payments of 1.5% p.a. compounded quarterly were also revised to be paid discretionarily at the discretion of the issuer company.

B. Current investments

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Mutual funds (quoted) carried at fair value through profit or loss		
Nil (31 March 2017: 187,180) units of UTI Banking & PSU Debt Fund - Direct Plan - Growth	-	25.08
	-	25.08
Aggregate book value of quoted investments	-	22.76
Aggregate market value of quoted investments	-	25.08

Investments in mutual funds amounting to ₹ **Nil** (31 March 2017: ₹ 25.08 lakhs) are pledged with banks against various credit facilities availed by the Company.

Information about the Company's exposure to fair value measurement, credit and market risk and are included in note 42 and note 43.

C. Equity shares designated at fair value though other comprehensive income (FVOCI)

As at 1 April 2016, the Company designated the investments shown below as equity instruments at FVOCI because these equity instruments represent investments that the Company intends to hold for long-term for strategic purposes.

Amount in ₹ Lakhs

	Fair value as at 31 March 2018	Dividend income recognised during 2017-18	Fair value as at 31 March 2017	Dividend income recognised during 2016-17	Fair value as at 31 March 2016
Investment in ACC Limited	-	0.08	-	0.22	17.60
Investment in Himadri Credit & Finance Limited	5,790.09	-	1,796.07	-	496.99
Investment in New Delhi Television Limited	-	-	-	-	1.49
Investment in Transchem Limited	2.60	-	1.80	-	1.40
Investment in Himadri Dyes & Intermediates Limited	12,109.68	-	3,755.52	-	1,437.84
Investment in Himadri e-Carbon Limited	1.52	-	1.56	-	1.56
Investment in Himadri Industries Limited	9,419.07	-	3,102.36	-	1,210.07
	27,322.96	0.08	8,657.31	0.22	3,166.95

Equity shares of ACC Limited and New Delhi Television Limited were sold for ₹ **Nil** (31 March 2017: ₹ 19.31 lakhs).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

8. Trade receivables

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Secured		
- Considered good	**885.25**	294.01
Unsecured		
- Considered good	**26,902.22**	22,065.84
- Considered doubtful	**417.01**	417.01
	27,319.23	22,482.85
Less: Loss for allowances		
- Provision for doubtful debts	**417.01**	417.01
	26,902.22	22,065.84
Non-current	**798.79**	798.79
Current	**26,988.68**	21,561.06
	27,787.47	22,359.85

(a) For receivables secured against borrowings, refer note 19.

(b) Non-current trade receivables include an amount of ₹ **798.79 lakhs** (31 March 2017: ₹ 798.79 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.

(c) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(d) Information about the Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 43.

9. Cash and cash equivalents

See accounting policy in note 3(r)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Cash on hand	**15.49**	13.20
Balances with banks		
- On current accounts	**1,184.52**	430.18
- On EEFC accounts	**78.02**	582.52
- On deposit account (with original maturities up to 3 months)	**440.01**	106.82
	1,718.04	1,132.72

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

10. Bank balances other than cash and cash equivalents

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date	**1,401.03**	2,436.67
Fixed deposits held as margin money	**0.27**	0.27
Earmarked balances with banks for unpaid dividend accounts	**29.77**	29.12
	1,431.07	2,466.06

Details of balance with banks on deposit accounts

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Deposits due to mature within 3 months of the reporting date included under 'Cash and cash equivalents' (refer note 9)	**440.01**	106.82
Deposits due to mature after 3 months of original maturities but within 12 months of the reporting date included under 'Other bank balances' (refer note 10)	**1,401.03**	2,436.67
Deposits due to mature after 12 months of the reporting date included under 'Other financial assets - non-current' (refer note 12)	**2.99**	5.98
	1,844.03	2,549.47

Bank deposits ₹ **1,844.03 lakhs** (31 March 2017: ₹ 2,549.47 lakhs) have been pledged with the banks against various credit facilities availed by the Company

11. Loans

(Unsecured, considered good)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Non-current		
Security and other deposits	**1,641.04**	1,874.11
Loan to employees	**30.00**	-
To related party - wholly owned subsidiary		
Loan given to Equal Commodeal Private Limited (refer note 40)	**3,047.25**	625.84
	4,718.29	2,499.95
Current		
Security and other deposits	**153.35**	304.04
Loan to employees	**114.88**	114.52
	268.23	418.56
	4,986.52	2,918.51

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

12. Other financial assets

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Non-current		
Bank deposits due to mature after 12 months of the reporting date	**2.99**	5.98
Interest accrued on fixed deposits	**0.05**	0.73
	3.04	6.71
Current		
To parties other than related parties		
Interest accrued on fixed deposits	**35.96**	90.03
Insurance claim receivable	**126.13**	173.94
Income tax refundable	**11.50**	6.08
Export incentive receivable	**20.42**	36.48
Government grants receivable	**557.06**	557.06
Other receivables	**1.08**	0.67
To related parties		
Interest receivable from a subsidiary - Equal Commodeal Private Limited (refer note 40)	**60.25**	79.29
Guarantee fee receivable from a subsidiary - AAT Global Limited	**-**	118.71
	812.40	1,062.26
	815.44	1,068.97

13. Non-current tax assets (net)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Advance income tax	**486.68**	409.72
[net of provision for income tax ₹ **7,370.43 lakhs** (31 March 2017: ₹ 4,725.98 lakhs)]		
	486.68	409.72

14. Other non-current assets

(Unsecured, considered good)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Capital advances	**1,947.13**	124.57
Advances other than capital advances		
- Deposit against demands in dispute	**768.24**	343.95
Other advances		
- Prepaid expenses	**2,601.66**	2,247.73
	5,317.03	2,716.25

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

15. Inventories

(Valued at the lower of cost and net realisable value)

See accounting policy in note 3(i)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Raw materials [including goods-in-transit ₹ **2,483.64 lakhs** (31 March 2017: ₹ 3,433.52 lakhs)]	**16,327.70**	15,321.01
Work-in-progress	**8,811.51**	8,213.90
Finished goods	**13,846.80**	13,672.78
Packing materials	**236.45**	214.02
Stores and spares	**2,297.33**	1,785.34
	41,519.79	39,207.05

Carrying amount of inventories pledged as securities for borrowings, refer note 19.

16. Other current assets

(Unsecured considered good unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
To parties other than related parties		
Advances for supplies		
Unsecured, considered good	**7,077.08**	6,053.24
Unsecured, considered doubtful	**46.76**	46.76
	7,123.84	6,100.00
Less: Provision for doubtful advances	**46.76**	46.76
	7,077.08	6,053.24
Others		
Balance with goods and service tax authorities	**1,941.18**	-
Balance with excise authorities	**-**	2,013.52
Sales tax deposit and VAT receivable	**-**	465.08
Other receivables	**434.87**	560.53
To related party		
Advance for supplies: AAT Global Limited (refer note 40)	**773.63**	288.67
	10,226.76	9,381.04

Advances for supplies includes ₹ **1,086.76 lakhs** (31 March 2017: ₹ 833.93 lakhs) as advance given in earlier years 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.

Other receivables includes prepaid expenses and advance for expenses.

17. Equity share capital

See accounting policy in note 3(p)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Authorised		
700,000,000 (31 March 2017: 700,000,000) equity shares of ₹ 1 each	**7,000.00**	7,000.00
Issued, subscribed and fully paid-up		
418,407,867 (31 March 2017: 418,407,867) equity shares of ₹ 1 each	**4,184.08**	4,184.08
	4,184.08	4,184.08

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	Number	Amount	Number	Amount
At the commencement of the year	418,407,867	4,184.08	418,407,867	4,184.08
Add: Issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	418,407,867	4,184.08	418,407,867	4,184.08

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 on winding up. 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. Employee stock option

See accounting policy in note 3(g)(ii).

The terms attached to stock options granted to employees are described in note 39 regarding share based payment.

D. Shares held by upstream associates (shareholders of the Company) having significant influence over the Company

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	Number	Amount	Number	Amount
BC India Investments	103,178,860	1,031.79	103,178,860	1,031.79
Himadri Dyes & Intermediates Limited	98,284,310	982.84	98,284,310	982.84

E. Particulars of shareholders holding more than 5% shares of fully paid up equity shares

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	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	24.66%
Himadri Dyes & Intermediates Limited	98,284,310	23.49%	98,284,310	23.49%
Himadri Industries Limited	46,140,000	11.03%	46,140,000	11.03%
Himadri Coke & Petro Limited	38,175,297	9.12%	38,175,297	9.12%

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

F. Shares reserved for issue under options

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	Number	**Amount**	Number	Amount
Under Employee Stock Option Plan, 2016 (ESOP 2016): **1,281,100 (31 March 2017: 1,304,600)** equity shares of ₹ 1 each, at an exercise price of ₹ 19 per share (see note 39)	**1,281,100**	**12.81**	1,304,600	13.05

G. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the year ended 31 March 2016, 32,675,297 equity shares of ₹ 1 each have been allotted as fully paid up pursuant to conversion of Deep Discount Debentures (DDD) 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) on 25 March 2016 to Himadri Coke & Petro Limited, a related party, on preferential basis for consideration other than cash.

18. Other equity

Amount in ₹ Lakhs

Components	Note	1 April 2017	Movement during the year (net)	31 March 2018	1 April 2016	Movement during the year (net)	31 March 2017
Capital reserve	a	**1,280.50**	**-**	**1,280.50**	1,280.50	-	1,280.50
Security premium reserve	b	**45,365.53**	**-**	**45,365.53**	45,365.53	-	45,365.53
Debenture redemption reserve	c	**4,214.27**	**(1,321.44)**	**2,892.83**	3,535.71	678.56	4,214.27
General reserve	d	**13,669.94**	**1,750.00**	**15,419.94**	13,669.94	-	13,669.94
Share option outstanding reserve	e	**25.40**	**103.79**	**129.19**	-	25.40	25.40
Retained earnings	f	**33,506.06**	**23,311.73**	**56,817.79**	26,330.73	7,175.33	33,506.06
Effective portion of cash flow hedge	g	**(184.69)**	**184.69**	**-**	(2,511.28)	2,326.59	(184.69)
Equity instruments through OCI	h	**5,748.67**	**13,794.02**	**19,542.69**	239.00	5,509.67	5,748.67
		103,625.68	**37,822.79**	**141,448.47**	87,910.13	15,715.55	103,625.68

The description, nature and purpose of each reserve within equity are as follows:

(a) Capital reserve: Capital reserve represents profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments.

(b) Security premium reserve: Security premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.

(c) Debenture redemption reserve (DRR): The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (amended), requires the Company to create DRR out of profits of the Company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued.

The movement is on account of following:

(i) On redemption of 9.6% redeemable non-convertible debentures, ₹ **1,750 lakhs** (31 March 2017: ₹ Nil) lying in DRR was transferred to General reserve. The Company has complied with requisite provisions of the Act, as applicable.

(ii) ₹ **428.56 lakhs** (31 March 2017: ₹ 678.56 lakhs) was transferred from Retained earnings to DRR for the purpose of redemption of debentures.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(d) General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

On redemption of 9.6% redeemable non-convertible debentures, ₹ **1,750 lakhs** (31 March 2017: ₹ Nil) lying in Debenture redemption reserve was transferred to General reserve.

(e) Share option outstanding reserve: The Company has a stock option scheme under which options to subscribe for the Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including certain key management personnel, as part of their remuneration. Refer note 39 for further details of these plans.

(f) Retained earnings

It comprise of accumulated profit/ (loss) of the Company. The movement is on account of following:

(i) ₹ **24,257.46 lakhs** (31 March 2017: ₹ 8,117.37 lakhs) was on account of profit made by the Company.

(ii) ₹ **428.56 lakhs** (31 March 2017: ₹ 678.56 lakhs) was transferred to debenture redemption reserve for the purpose of redemption of debentures.

(iii) ₹ **13.58 lakhs** (31 March 2017: ₹ 11.69 lakhs) was on account of remeasurement of defined benefit liability/ asset.

(iv) ₹ **503.59 lakhs** (31 March 2017: ₹ 251.79) was on account of dividend distribution (inclusive of dividend distribution tax).

(g) Effective portion of cash flow hedge: This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not matured.

(h) Equity instruments through OCI: The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity instruments through OCI shown under the head other equity. The Company transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

19. Borrowings

See accounting policy in note 3(b) and (c)(i) - (ii)

Amount in ₹ Lakhs

	Interest	Maturity	31 March 2018	31 March 2017
Non-current borrowings				
500 (31 March 2017: 500) 12.50% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured)	12.50%	2020-2021	**5,000.00**	5,000.00
2,500,000 (31 March 2017: 2,500,000) 10% Redeemable non-convertible debentures of ₹ 400 each (secured)	10.00%	2020-2021	**10,000.00**	10,000.00
Nil (31 March 2017: 1,000) 9.60% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured)			-	9,990.43
			15,000.00	24,990.43
Term loans				
Rupee term loan (secured)	refer note (b) below			
From banks			**13,106.76**	12,017.61
Foreign currency loans (secured)	refer note (b) below			
From banks			**1,324.37**	1,733.04
From others			-	2,640.66
			14,431.13	16,391.31

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	Interest	Maturity	31 March 2018	31 March 2017
Loan against vehicles and equipment (secured)	8.3%-11%	2017-2020	**161.77**	100.16
Deferred payment liabilities				
Sales tax deferment (unsecured)			-	61.42
			29,592.90	41,543.32
Less: Current maturities of long-term debt (refer note 22)			**6,473.72**	2,840.20
			23,119.18	38,703.12
Current borrowings				
Secured				
From banks (Repayable on demand)				
Rupee loans			**3,554.62**	10,389.48
Foreign currency loans			**19,402.29**	17,539.28
			22,956.91	27,928.76
From others				
Rupee loan			**1,500.00**	1,666.88
Unsecured				
From banks (Repayable on demand)				
Rupee loans			**9,587.02**	2,626.95
Foreign currency loans			**2,378.60**	-
From others (Rupee loan repayable on demand)			-	1,646.35
			36,422.53	33,868.94

Information about the Company's exposure to interest rate, currency and liquidity risks related to borrowings is disclosed in note 43.

A. Terms of repayment/ conversion/ redemption

(a) Bonds and Debentures

(i) The Company, on 29 October 2013, had issued 500 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.

(ii) The Company, on 24 August 2010, had issued 2,500,000 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.

(iii) The Company, on 28 June 2010, had issued 1,000 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. During the current year, the debenture holder has exercised its put option of redemption and accordingly these non-convertible debentures were redeemed on 28 June 2017.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

(b) Term loans

Amount in ₹ Lakhs

Name of the lender	Interest	Repayment schedule	31 March 2018	31 March 2017
(i) Rupee term loans				
Axis Bank Limited [₹ **1,950.00 lakhs** (31 March 2017: ₹ 7,050.00 lakhs)]	6 Month MCLR + 1.70%	Repayable in April 2018	**1,950.00**	7,050.00
Axis Bank Limited [₹ **8,334.00 lakhs** (31 March 2017: ₹ Nil)]	6 Month MCLR + 0.35%	Repayable at quarterly rest: 8 of ₹ 833.00 10 of ₹ 167.00	**8,311.16**	-
IDFC Bank [₹ **2,850.00 lakhs** (31 March 2017: ₹ Nil)]	12 Month MCLR + 0.15%	Repayable at quarterly rest: 19 of ₹ 150.00	**2,845.60**	-
State Bank of India [₹ **Nil** (31 March 2017: ₹ 4,967.61)]			**-**	4,967.61
(ii) Foreign currency term loans				
ICICI Bank Limited [**JPY 2,152.78 lakhs** (31 March 2017: JPY 3,013.89 lakhs)]	6 Month JPY Libor + 2.00%	JPY 430.56 - repayable in 5 half yearly rest	**1,324.82**	1,733.04
International Finance Corporation [**USD Nil** (31 March 2017: USD 15.00 lakhs)]			**-**	971.09
DEG- Deutsche Investitionsund Entwicklungsgesellschaft MBH [**USD Nil** (31 March 2017: USD 26.25 lakhs)]			**-**	1,669.57

(iii) 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 ₹ **61.42 lakhs** (31 March 2017: ₹ 102.46 lakhs).

(iv) 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% and 10% Redeemable non-convertible debentures issued to Life Insurance Corporation of India, aggregating to ₹ 15,000 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 property, plant and equipment (including plant and equipment) of the Company in favour of Axis Trustee Services Limited, being the trustee of the debenture holders.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(ii) Rupee term loans from Axis Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable property, plant and equipment on pari passu basis with other lenders.

Rupee term loans from IDFC Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of movable property, plant and equipment situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit on pari passu basis with other lenders. Further rupee term loan from State Bank of India being personally guaranteed by the promoter directors of the Company.

(iii) Foreign currency borrowings from ICICI Bank Limited is secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable property, plant and equipment situated at Mahistikry on pari passu basis with other secured lenders.

(iv) Loans against vehicles and equipment are secured by way of hypothecation of the underlying asset financed.

(v) Working capital loans from banks aggregating to ₹ **24,456.91 lakhs** (31 March 2017: ₹ 29,595.64 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 ₹ **12,848.15 lakhs** (31 March 2017: ₹ 2,655.47 lakhs) is also secured by subservient charge on moveable property, plant and equipment of the Company. These loans include ₹ **1.90 lakhs** (31 March 2017: ₹ 1,038.19 lakhs), being personally guaranteed by the promoter directors of the Company.

20. Trade payables

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Dues to micro enterprises and small enterprises (to the extent identified with available information) (refer note 48)	**200.58**	187.69
Trade payables (other than micro enterprises and small enterprises)	**11,625.64**	14,743.69
	11,826.22	14,931.38
Non-current	**-**	-
Current	**11,826.22**	14,931.38
	11,826.22	14,931.38

Informaton about the Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 43.

21. Derivatives

See accounting policy in note 3(c)(v)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Foreign exchange forward/ interest rate swap contracts used for hedging	**-**	184.69
Other foreign exchange forward/ interest rate swap/ option contracts	**769.56**	5,292.03
	769.56	5,476.72
Non-current	**583.65**	882.32
Current	**185.91**	4,594.40
	769.56	5,476.72

Information about the Company's exposure to interest rate and currency risks related to derivatives is disclosed in note 43.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

22. Other financial liabilities

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Non-current		
Other payables	**25.77**	25.77
	25.77	25.77
Current		
Current maturities of long-term debts (refer note 19)	**6,473.72**	2,840.20
Interest accrued	**699.06**	598.76
Unclaimed dividend	**29.77**	29.12
Liability for capital goods	**260.58**	139.33
Financial guarantee liability	**-**	0.70
Other payables	**196.42**	358.67
	7,659.55	3,966.78

(a) There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2018.

(b) Other payables includes amount due towards Employee benefits expense and Security deposits.

(c) Information about the Company's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 43.

23. Other current liabilities

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Statutory dues	**1,921.58**	2,533.37
Advance from customers	**3,835.73**	634.31
	5,757.31	3,167.68

24. Provisions

See accounting policies in note 3(g) and (h)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Provisions for employee benefits		
Net defined benefit liability - Gratuity (refer note 38)	**176.80**	100.44
Liability for compensated absences	**40.24**	18.19
Total provisions for employee benefits (A)	**217.04**	118.63
Other provisions		
Provision for litigation		
Balance at the beginning of the year	**78.42**	78.42
Provisions made during the year	**-**	-
Provision reversed/ utilised	**-**	-
Balance at the end of the year	**78.42**	78.42
Total other provisions (B)	**78.42**	78.42
Total provisions (A+B)	**295.46**	197.05
Non-current	**255.22**	178.86
Current	**40.24**	18.19
	295.46	197.05

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, the Company 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 of ₹ **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.

25. Current tax liabilities (net)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Income tax liabilities	**78.59**	309.01
[net of advance tax ₹ **7,531.30 lakhs** (31 March 2017: ₹ 2,335.44 lakhs)]		
	78.59	309.01

26. Revenue from operations

See accounting policies in note 3(j) and (k)

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (including excise duty) (A) *	**202,105.25**	146,557.40
Other operating revenue		
- Government grants (refer note 46)	-	557.06
- Export incentives	**47.05**	10.96
Total other operating revenue (B)	**47.05**	568.02
Total revenue from operations (A+B)	**202,152.30**	147,125.42

* Upto 30 June 2017, Revenue from operations are gross of excise duty. Effective 1 July 2017, Revenue from operations are net of Goods and Service Tax. Accordingly, the figures for the previous year is not comparable.

27. Other income

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest Income under the effective interest method on:		
- Interest on fixed deposits with banks	**101.82**	190.99
- Income from a related party:		
- On loan given to a wholly owned subsidiary	**196.89**	49.70
- On FCD to a wholly owned subsidiary	-	120.00
- On guarantee provided to a subsidiary	**7.28**	36.76
- Unwinding of discount on security deposits and others	**227.27**	166.63
Dividend income on equity securities at FVOCI	**0.08**	0.22
Gain on sale of current investments at FVTPL	**11.35**	29.57
Insurance claims	**112.46**	27.94
Net foreign exchange gain	**27.79**	-
Net gain on sale of property, plant and equipment	-	39.21
Gain on fair valuation of investments at FVTPL	**0.63**	65.56
Miscellaneous income	**91.16**	63.29
	776.73	789.87

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

28. Cost of materials consumed

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Inventory of raw materials at the beginning of the year	**15,321.01**	7,042.72
Add: Purchases	**134,256.09**	96,331.09
	149,577.10	103,373.81
Less: Inventory of raw materials at the end of the year	**16,327.70**	15,321.01
Cost of materials consumed	**133,249.40**	88,052.80

29. Change in inventories of finished goods and work-in-progress

See accounting policy in note 3(i)

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Opening inventories		
Finished goods	**13,672.78**	13,805.83
Work-in-progress	**8,213.90**	8,726.72
	21,886.68	22,532.55
Closing inventories		
Finished goods	**13,846.80**	13,672.78
Work-in-progress	**8,811.51**	8,213.90
	22,658.31	21,886.68
	(771.63)	645.87

30. Employee benefits expense

See accounting policy in note 3(g)

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	**3,902.39**	3,073.81
Contribution to provident and other funds	**195.70**	140.60
Gratuity (refer note 38)	**85.59**	28.80
Share based payments- Equity settled (refer note 39)	**103.79**	25.40
Staff welfare expenses	**375.63**	316.78
	4,663.10	3,585.39

Salaries, wages and bonus includes ₹ **267.00 lakhs** (31 March 2017: ₹ 256.35 lakhs) relating to outsource manpower cost.

31. Finance costs

See accounting policy in note 3(o)

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on financial liabilities measured at amortised cost	**6,184.75**	7,410.05
Exchange difference regarded as an adjustment to borrowing costs	**420.20**	75.05
Other borrowing costs	**438.03**	562.35
	7,042.98	8,047.45

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

32. Other expenses

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores and spares	334.90	357.31
Power and fuel * [refer note (a) below]	1,192.92	1,125.89
Excise duty related to increase/ (decrease) in inventory of finished goods	(1,827.07)	(166.99)
Rent	423.33	443.44
Rates and taxes	106.17	539.78
Repairs to *:		
- Building	51.98	63.23
- Plant and equipment	1,546.26	1,457.59
- Others	468.19	379.69
Payment to auditor's [refer note (b) below]	69.29	50.91
Rebates and discounts	275.41	238.80
Insurance	139.99	173.76
Packing expenses	1,496.35	1,372.07
Freight and forwarding expenses	6,215.94	5,803.91
Commission on sales	1,030.86	934.55
Net foreign exchange loss	-	2,002.89
Expenditure on corporate social responsibility (refer note (c) below)	33.03	14.70
Miscellaneous expenses	3,419.15	2,646.55
	14,976.70	17,438.08
* includes stores and spares consumed.	1,766.12	1,275.79

(a) Power and fuel includes expenses incurred on operation of the power plant

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores and spares	151.52	96.96
Repairs	179.68	126.06
Other operational expenses	15.13	16.15
	346.33	239.17

(b) Payment to auditor's

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
As auditor's:		
- Statutory audit	40.50	30.50
- Tax audit	-	-
- Limited review of quarterly results	4.50	6.00
In other capacity:		
- Other services	18.86	10.38
Reimbursement of expenses	5.43	4.03
	69.29	50.91

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

(c) Details of expenditure on corporate social responsibility (CSR)

As per section 135 of the Act, a Company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediate preceeding three financial years on CSR activities. The area of CSR activity are eradicating hunger, poverty and malnutrition, promoting education, promoting healthcare including preventive healthcare. A CSR committee has been formed by the Company as per the Act.

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
(a) Amount required to be spent by the Company during the year	**57.34**	Nil
(b) Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	**-**	-
(ii) On purposes other than (i) above	**33.03**	14.70
	33.03	14.70

33. Income tax

See accounting policy in note 3(n)

Amount in ₹ Lakhs

		31 March 2018	31 March 2017
A. Amount recognised in profit or loss			
Current tax			
Current period		**7,609.88**	2,644.45
	(a)	**7,609.88**	2,644.45
Deferred tax charge			
Attributable to-			
Origination and reversal of temporary differences		**3,725.16**	1,578.31
	(b)	**3,725.16**	1,578.31
Tax expense reported in the Standalone Statement of Profit and Loss [(a)+(b)]		**11,335.04**	4,222.76

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
B. Income tax recognised in OCI		
Deferred tax related to items recognised in OCI during the year		
Tax income on net loss on remeasurements of defined benefit plans	**(7.20)**	(6.19)
Tax income on net gain on change in fair value of equity instruments	**4,871.63**	-
Tax expense reported in the Standalone Statement of Profit and Loss	**4,864.43**	(6.19)

Amount in ₹ Lakhs

	Percentage	Amount
C. Reconciliation of effective tax rate for the year ended 31 March 2018		
Profit before tax		**35,592.50**
Tax using the Indian tax rate	**34.61%**	**12,317.85**
Effects of the amount which are not deductible in calculating taxable income		
Non - deductible expenses for tax purposes	**0.29%**	**102.34**
Tax exempt income/ additional deduction as per income tax	**(3.05%)**	**(1,085.15)**
Effective tax rate	**31.85%**	**11,335.04**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

		Percentage	Amount
Reconciliation of effective tax rate for the year ended 31 March 2017			
Profit before tax			12,340.13
Tax using the Indian tax rate		34.61%	4,270.67
Effects of the amount which are not deductible in calculating taxable income			
Non - deductible expenses for tax purposes		0.64%	79.06
Tax exempt income / additional deduction as per income tax		(1.03%)	(126.97)
Effective tax rate		34.22%	4,222.76

D. Recognised deferred tax assets and liabilities

Amount in ₹ Lakhs

	Balance as on 1 April 2017	(Charged) / credited to profit or loss	Charged / (credited) to OCI	Balance as on 31 March 2018
Property, plant and equipment	20,514.43	1,443.39	-	21,957.82
Trade receivables	(144.08)	(3.73)	-	(147.81)
Loans	(78.80)	29.29	-	(49.51)
Other assets	(16.18)	-	-	(16.18)
Borrowings	(203.76)	10.67	-	(193.09)
Other financial liabilities	(1,958.99)	1,410.56	-	(548.43)
Share based payments-Equity-settled	-	(37.38)	-	(37.38)
Provisions	(35.31)	(61.19)	(7.19)	(103.69)
MAT credit entitlement	(7,853.02)	(7,609.88)	-	(15,462.90)
Fair valuation of Investments	-	-	4,871.62	4,871.62
Tax losses carried forward	(9,103.04)	8,543.43	-	(559.61)
Net deferred tax liabilities	1,121.25	3,725.16	4,864.43	9,710.84
Disclosed as				
Deferred tax assets	(7,853.02)			(15,462.90)
Deferred tax liabilities (net)	8,974.27			25,173.74
	1,121.25			9,710.84

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	Balance as on 1 April 2016	(Charged) / credited to profit or loss	Charged / (credited) to OCI	Balance as on 31 March 2017
Property, plant and equipment	18,736.42	1,778.01	-	20,514.43
Trade receivables	(147.81)	3.73	-	(144.08)
Loans	(49.51)	(29.29)	-	(78.80)
Other assets	(16.18)	-	-	(16.18)
Borrowings	(215.56)	11.80	-	(203.76)
Other financial liabilities	(2,032.22)	73.23	-	(1,958.99)
Share based payments- Equity settled	-	-	-	-
Provisions	(29.12)	-	(6.19)	(35.31)
MAT credit entitlements	(5,208.57)	(2,644.45)	-	(7,853.02)
Fair valuation of Investments	-	-	-	-
Tax losses carried forward	(11,488.32)	2,385.28	-	(9,103.04)
Net deferred tax liabilities	(450.87)	1,578.31	(6.19)	1,121.25
Disclosed as				
Deferred tax assets	(5,208.57)			(7,853.02)
Deferred tax liabilities (net)	4,757.70			8,974.27
	(450.87)			1,121.25

34. Earnings per share (EPS)

See accounting policy in note 3(t)

A. Basic earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Profit attributable to equity shareholders (basic)	**24,257.46**	8,117.37
Profit for the year, attributable to the equity holders		
(ii) Weighted average number of equity shares (basic)		
At the beginning of the year	**418,407,867**	418,407,867
Impact of new issue of equity shares	-	-
Weighted average number of equity shares (basic) for the year	**418,407,867**	418,407,867
Basic earnings per share [(i)/ (ii)]	**5.80**	1.94

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

B. Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Profit attributable to equity shareholders (diluted)		
Profit for the year, attributable to the equity shareholders (diluted)	**24,257.46**	8,117.37
(ii) Weighted average number of equity shares (diluted)		
Weighted average number of equity shares (basic)	**418,407,867**	418,407,867
Effect of Potential equity shares to be issued	**-**	-
Weighted average number of equity shares (diluted) for the year	**418,407,867**	418,407,867
Diluted earnings per share [(i)/ (ii)]	**5.80**	1.94

1,281,100 (31 March 2017: 1,304,600) number of employee stock options has an anti dilutive effect.

35. Contingent liability and commitments

(to the extent not provided for)

Amount in ₹ Lakhs

Particulars	31 March 2018	31 March 2017
a) Claim against the Company not acknowledged as debt		
(i) Sales tax/VAT matters in dispute/ under appeal	**4,230.80**	3,100.36
(ii) Excise/ Service Tax matters in dispute/under appeal	**2,960.91**	1,228.00
(iii) Custom duty matter in dispute/ under appeal	**491.76**	28.83
(iv) Entry tax in dispute/ under appeal - West Bengal	**4,317.89**	3,427.55
(v) Entry tax in dispute/ under appeal - Chhattisgarh	**465.71**	426.65
(vi) Income tax in dispute/ under appeal	**633.81**	633.81
(vii) Others	**266.71**	-
b) Capital and other commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**24,573.37**	1,092.40
(ii) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG)	**6,768.62**	4,371.37
c) Guarantee outstanding		
Standby letter of credit issued on behalf of the Company to secure the financial assistance to its subsidiary	**-**	1,945.16

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Note:

(i) Cash outflows for the above are determinable only on receipt of judgments pending at various forums/ authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

(ii) The Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged 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.

(iii) The Company had issued corporate guarantee in favour of banker on behalf of its one step down subsidiary - AAT Global Limited for the purpose of availing working capital loan. This corporate guarantee was issued in USD.

(iv) A search u/s 132 of the Income Tax Act, 1961("the Act") was conducted by the Income Tax Department at all the premises/factories of the Company during the previous year ended 31 March 2017. As per the applicable provisions of the Act, the Income Tax Department will reassess the taxable income of the Company for the Assessment year 2011 -12 to 2016-17 by issuing notice u/s 153A of the Act. Notice has been received by the Company on 20 April 2017 and the Company filed all returns u/s 153A of the Act declaring the same income and income tax liability as was declared in the original return filed u/s 139(1). The management as per internal assessment and based on independent legal opinion, does not foresee any material financial liability on this account.

36. Operating leases

See accounting policy in note 3(m)

(a) Future minimum lease rentals payable under non cancellable operating lease

The Company has taken certain commercial premises under non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Not later than one year	**9.22**	1.92
Later than one year and not later than five years	**36.86**	7.68
More than five years	**86.18**	16.96

(b) 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 Standalone Statement of Profit and Loss with respect to operating leases ₹ **167.50 lakhs** (31 March 2017: ₹ 187.34 lakhs) has been included as rent in note 32 'Other expenses'.

37. Research and development expenses

See accounting policy in note 3(e)

Research and development expenses aggregating to ₹ **326.22 lakhs** (31 March 2017: ₹ 257.44 lakhs) in the nature of revenue expenditure and ₹ **191.89 lakhs** (31 March 2017: ₹ 94.56 lakhs) in the nature of capital expenditure have been included under the relevant account heads.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

38. Assets and Liabilities relating to employee benefits

See accounting policy in note 3(g)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Statement of Assets and Liabilities for defined benefit obligation		
Net defined benefit asset - Gratuity Plan	**159.78**	127.02
Net defined benefit obligation - Gratuity Plan	**(336.58)**	(227.46)
Total employee benefit liabilities	**(176.80)**	(100.44)
Non-current	**(176.80)**	(100.44)
Current	**-**	-

For details about the related employee benefit expenses, refer note 30.

Defined contribution

The expense for defined contribution plans amounted to ₹ **168.64 lakhs** (31 March 2017: ₹ 133.39 lakhs). Out of these, ₹ **125.71 lakhs** (31 March 2017: ₹ 103.30 lakhs) pertains to provident fund plan and ₹ **42.93 lakhs** (31 March 2017: ₹ 30.09 lakhs) pertains to superannuation fund plan.

Defined benefits - Gratuity

The Company's gratuity benefit scheme for its employees in India is a defined benefit plan (funded).

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimation of expected gratuity payments.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

These defined benefit plans expose the Company to actuarial risks, such as interest rate risk, demographic risk, salary inflation risk and market (investment) risk.

The following tables analyse present value of defined benefit obligations, expense recognised in Standalone Statement of Profit and Loss, actuarial assumptions and other information.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Reconciliation of the net defined benefit (asset)/ liability:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
(i) Reconciliation of present value of defined benefit obligation		
(a) Balance at the beginning of the year	**227.46**	178.35
(b) Current service cost	**31.15**	23.63
(c) Past service cost - plan amendments	**48.21**	-
(d) Interest cost	**16.43**	13.99
(e) Actuarial (gains)/ losses recognised in other comprehensive income	**17.99**	18.46
(f) Benefits paid	**(4.66)**	(6.97)
Balance at the end of the year	**336.58**	227.46
(ii) Reconciliation of present value of plan assets		
(a) Balance at the beginning of the year	**127.02**	102.92
(b) Interest income	**10.20**	8.82
(c) Actual return on plan asset less interest on plan asset	**(2.78)**	0.58
(d) Contributions by the employer	**30.00**	21.67
(e) Benefits paid	**(4.66)**	(6.97)
Balance at the end of the year	**159.78**	127.02
(iii) Net asset/ (liability) recognised in the Standalone Balance Sheet		
(a) Present value of defined benefit obligation	**(336.58)**	(227.46)
(b) Fair value of plan assets	**159.78**	127.02
Net defined benefit obligations in the Standalone Balance Sheet	**(176.80)**	(100.44)
(iv) Expense recognised in Standalone Profit or Loss		
(a) Current service cost	**31.15**	23.63
(b) Past service cost - plan amendments	**48.21**	-
(c) Interest cost	**16.43**	13.99
(d) Expected return on plan assets	**(10.20)**	(8.82)
Amount charged to Standalone Profit or Loss	**85.59**	28.80
(v) Remeasurements recognised in Standalone OCI		
(a) Actuarial loss/ (gain) arising on defined benefit obligation from		
- financial assumptions	**(11.17)**	16.43
- experience adjustment	**29.16**	2.03
(b) Actual return on plan asset less interest on plan asset	**2.78**	(0.58)
Amount recognised in Standalone OCI	**20.77**	17.88
(vi) Sensitivity analysis		
Defined benefit obligation on discount rate plus 100 basis points (31 March 2017: 50 basis point)	**(28.33)**	(11.94)
Defined benefit obligation on salary growth rate plus 100 basis points (31 March 2017: 50 basis point)	**30.05**	11.92
Defined benefit obligation on discount rate minus 100 basis points (31 March 2017: 50 basis point)	**33.88**	13.10
Defined benefit obligation on salary growth rate minus 100 basis points (31 March 2017: 50 basis point)	**(25.71)**	(11.10)
(vii) Actuarial assumptions		
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
Discount rate	**7.70%**	7.30%
Expected rate of salary increase	**6.00%**	6.00%
Retirement age (years)	**60**	60

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Attrition rate based on different age group of employees:		
ages from 20-25	**5%**	5%
ages from 25-30	**3%**	3%
ages from 30-35	**2%**	2%
ages from 35-50	**1%**	1%
ages from 50-55	**2%**	2%
ages from 55-58	**3%**	3%
Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).		
(viii) Maturity Profile of defined benefit obligation		
Within next 12 months	**92.97**	36.18
1-2 year	**9.64**	10.97
2-3 year	**17.14**	8.37
3-4 year	**16.70**	16.04
4-5 year	**14.35**	17.29
Thereafter	**151.60**	114.24
(ix) Weighted average duration of defined benefit obligation	**12 years**	13 years

(x) The Company expects to pay ₹ **176.80 lakhs** in contribution to its defined benefit plans during the year 2018-19.

39. Share based payments

See accounting policy in note 3(g)(ii)

A. Description of share-based payment arrangement

At 31 March 2018, the Company has the following share based payment arrangement:

Himadri Employees Stock Option Plan 2016 (equity-settled)

The Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act. 2013 for the time being in force. The Committee has granted 1,304,600 options to its employees on 5 January 2017 under the approved ESOP 2016 Plan to be exercised at a price of ₹ 19 per share. The options are vested after 1 year but not later than 5 years from the the date of grant of options, and the said options can be exercised any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan. The quantum of options to be vested periodically are specified in grant letters issued to each employees. The key terms and conditions related to the grants under this plan are as follows; all options are to be settled by the delivery of shares.

Grant date/ employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Option granted to certain eligible employees including certain key management personnel on 5 January 2017	1,304,600	Time basis, Company performance and individual performance as specified in the grant letter	5 years

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

B. Measurement of fair values

Equity-settled share based payment arrangements

The fair value of employee share options, see (A) above, has been measured using Black Scholes Merton Model.

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plan are as follows:

Particulars	ESOP 2016 (see A above) 31 March 2018	31 March 2017
Fair value at grant date	` **24.94**	` 24.94
Share price at grant date	` **36.70**	` 36.70
Exercise price	` **19.00**	` 19.00
Expected volatility* (weighted average volatility)	**57.57%**	57.57%
Expected life (expected weighted average life)	**4.39 years**	4.39 years
Expected dividends**	**0.27%**	0.27%
Risk-free interest rate (based on government bonds)	**6.48%**	6.48%

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Expected life of the Options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

Weighted Average Fair value of the options granted during the year is ₹ **Nil** (31 March 2017: ₹ 325.40 lakhs).

* Expected volatility on the Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

** Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

Particulars	**Weighted average exercise price per option 31 March 2018**	**Number of options 31 March 2018**	Weighted average exercise price per option 31 March 2017	Number of options 31 March 2017
Outstanding at 1 April	**₹ 19.00**	**1,304,600**	-	-
Granted during the period	**-**	**-**	₹ 19.00	1,304,600
Forfeited during the period	**₹ 19.00**	**23,500**	-	-
Exercised during the period	**-**	**-**	-	-
Outstanding at 31 March	**₹ 19.00**	**1,281,100**	₹ 19.00	1,304,600
Exercisable at 31 March	**-**	**-**	-	-

The options outstanding at 31 March 2018 have an exercise price of ₹ **19** (31 March 2017: ₹ 19) per share and a weighted average remaining contractual life of **3.39 years** (31 March 2017: 4.39 years).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

D. Expense recognised in Standalone Statement of Profit and Loss

During the year ended 31 March 2018, the Company has charged ₹ **103.79 lakhs** (31 March 2017: ₹ 25.40 lakhs) as share based payment equity-settled expenses and the first vesting date is 31 August 2018, refer note 30.

E. Details of the Liabilities arising the share based payment were as follows:

Amount in ₹ Lakhs

Particulars	31 March 2018	31 March 2017
Total carrying amount	**129.19**	25.40

40. Related party disclosure

A. List of related parties where control exists

Amount in ₹ Lakhs

Name of the related party	Principal place of business	% Shareholding and voting power 31 March 2018	31 March 2017
Equal Commodeal Private Limited (ECPL), Wholly owned subsidiary	India	**100**	100
AAT Global Limited (AAT), Wholly owned subsidiary of ECPL	Hongkong	**100**	100
Shandong Dawn Himadri Chemical Industry Limited (SDHCIL), Subsidiary of AAT	China	**94**	94

B. Other related parties with whom transactions have taken place during the year

i) Key Management Personnel (KMP) and their relatives

Name of the related parties	Relationship
Mr. Bankey Lal Choudhary, Managing Director	Key Management Personnel (KMP)
Mr. Shyam Sundar Choudhary, Executive Director	Key Management Personnel (KMP)
Mr. Vijay Kumar Choudhary, Executive Director	Key Management Personnel (KMP)
Mr. Anurag Choudhary, Chief Executive Officer	Key Management Personnel (KMP)
Mr. Amit Choudhary, President - Projects	Key Management Personnel (KMP)
Mr. Tushar Choudhary, President - Operations	Key Management Personnel (KMP)
Mr. Kamlesh Kumar Agarwal - Chief Financial Officer	Key Management Personnel (KMP)
Mr. Bajrang Lal Sharma - Company Secretary	Key Management Personnel (KMP)
Mr. Damodar Prasad Choudhary, Chairman Emeritus	Relative of KMPs
Mrs.Sushila Devi Choudhary	Relative of KMPs (wife of Mr.Damodar Prasad Choudhary)
Mrs.Sheela Devi Choudhary	Relative of KMPs (wife of Mr.Shyam Sundar Choudhary)
Mrs.Saroj Devi Choudhary	Relative of KMPs (wife of Mr.Bankey Lal Choudhary)
Mrs.Kanta Devi Choudhary	Relative of KMPs (wife of Mr.Vijay Kumar Choudhary)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

ii) Non-Executive Directors

Name of the related parties
Mr. Sakti Kumar Banerjee, Non-Executive Independent Director
Mr. Hardip Singh Mann, Non-Executive Independent Director
Mr. Santimoy Dey, Non-Executive Independent Director
Mr. Hanuman Mal Choraria, Non-Executive Independent Director
Ms Rita Bhattacharya, Nominee Director (Non-Executive) of LICI
Mr. Santosh Kumar Agrawala, Non-Executive Independent Director
Mr. Suryakant Balkrishna Mainak, Non-Executive Independent Director

C. Enterprises controlled 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

Nanhey Lal Mohini Devi Foundation

Bharat Seva Nidhi

D. Entities with significant influence over the Company

BC India Investments

Himadri Dyes & Intermediates Limited

E. The following transactions were carried out with related parties in the ordinary course of business

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	Year ended 31 March 2018	Year ended 31 March 2017
Equal Commodeal Private Limited	Loan given	**2,421.41**	154.45
	Reimbursement	**33.22**	-
	Interest on loan given	**196.89**	49.70
	Interest on FCD	**-**	120.00
AAT Global Limited	Purchases	**35,470.19**	20,577.01
	Payment for supplies	**35,854.63**	20,018.02
	Guarantee fee	**7.28**	36.76
Shandong Dawn Himadri Chemical Industry Limited	Reimbursement	**-**	1.68
Himadri Dyes & Intermediates Limited	Rent paid	**0.07**	0.07
Himadri Industries Limited	Rent paid	**0.07**	0.07
Sri Agro Himghar Limited	Rent paid	**0.04**	0.04
Mr. Bankey Lal Choudhary	Remuneration	**94.68**	60.68
Mr. Shyam Sundar Choudhary	Remuneration	**90.68**	60.68
Mr. Vijay Kumar Choudhary	Remuneration	**90.68**	60.00
Mr. Anurag Choudhary	Remuneration	**109.13**	73.80
Mr. Amit Choudhary	Remuneration	**94.13**	73.80
Mr. Tushar Choudhary	Remuneration	**94.13**	73.80
Mr. Kamlesh Kumar Agarwal	Remuneration	**45.52**	35.16
Mr. Bajrang Lal Sharma	Remuneration	**16.08**	14.94
Mr. Sakti Kumar Banerjee	Sitting fees	**1.48**	1.56
Mr. Hardip Singh Mann	Sitting fees	**1.00**	1.00

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for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	Year ended 31 March 2018	Year ended 31 March 2017
Mr. Santimoy Dey	Sitting fees	**1.44**	1.56
Mr. Hanuman Mal Choraria	Sitting fees	**1.24**	1.32
Ms Rita Bhattacharya	Sitting fees	**1.00**	0.80
Mr. Santosh Kumar Agrawala	Sitting fees	**1.00**	0.40
Mr. Suryakant Balkrishna Mainak	Sitting fees	**0.60**	-
Nanhey Lal Mohini Devi Foundation	Donation/CSR	**70.00**	10.00
Bharat Seva Nidhi	Donation/CSR	**1.00**	-
BC India Investments	Dividend paid	**103.18**	51.59
Himadri Dyes & Intermediates Limited	Dividend paid	**98.29**	49.14
Himadri Industries Limited	Dividend paid	**46.14**	23.07
Himadri Credit & Finance Limited	Dividend paid	**9.48**	4.74
Himadri Coke & Petro Limited	Dividend paid	**38.18**	19.09
Mr. Vijay Kumar Choudhary	Dividend paid	**3.27**	1.63
Mr. Shyam Sundar Choudhary	Dividend paid	**3.23**	1.62
Mr. Bankey Lal Choudhary	Dividend paid	**1.48**	0.74
Mr. Damodar Prasad Choudhary	Dividend paid	**1.48**	0.74
Mrs.Sushila Devi Choudhary	Dividend paid	**0.85**	0.43
Mrs.Sheela Devi Choudhary	Dividend paid	**0.76**	0.38
Mrs.Saroj Devi Choudhary	Dividend paid	**0.82**	0.41
Mrs.Kanta Devi Choudhary	Dividend paid	**0.82**	0.41

F. Outstanding balances

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	31 March 2018	31 March 2017
Equal Commodeal Private Limited	Loan given	**3,047.25**	625.84
	Interest receivable on FCD	**-**	54.00
	Interest receivable on loan	**60.25**	25.29
AAT Global Limited	Stand by letter of credit	**-**	1,945.16
	Advance for supplies (net)	**773.63**	288.67
	Guarantee fees receivable	**-**	118.71

G. Key Management Personnel Remuneration

Key management personnels remuneration comprised of the following:

Amount in ₹ Lakhs

Nature of transaction	Year ended 31 March 2018	Year ended 31 March 2017
Short-term employee benefits	**631.22**	449.04
Other long-term benefits	**3.81**	3.82
Total remuneration paid to key management personnel	**635.03**	452.86

As the future liability for gratuity is provided on an actuarial basis for the Company as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the KMP's are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

H. 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 for business purpose, bears interest rate of 9% p.a. compounded quarterly and is repayable on or before 28 September 2023 (refer note 11).

b. Details of investments: Particulars of investments as required under Section 186(4) of the Companies Act, 2013 have been disclosed in note 7.

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	31 March 2018	31 March 2017
AAT Global Limited	8 February 2012	Short-term loan facility	-	1,945.16

I. Terms and conditions of transactions with related parties

The purchase from a related parties is made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions with other vendors. Outstanding balances at the year-end is unsecured and settlement occurs in cash.

For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by a related parties. This assessment is undertaken in each financial year through examining the financial position of the related parties and the market in which the related party operates.

41. Information pursuant to Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Loans and advances in the nature of loan to a subsidiary company		
Equal Commodeal Private Limited		
Amount outstanding as at year ended	**3,047.25**	625.84
Maximum balance of loan outstanding during the year	**3,047.25**	625.84

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

42. Fair value measurement

See accounting policy in note 3(v)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

A. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Amount in ₹ Lakhs

	Carrying value				Fair value measurement using		
As on 31 March 2018	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:							
Investment in equity instruments (Unquoted)	-	-	21,531.27	21,531.27	-	-	21,531.27
Investment in equity instruments (Quoted)	-	-	5,792.69	5,792.69	2.60	-	5,790.09
Investment in mutual funds	-	-	-	-	-	-	-
Investment in government securities	0.07	-	-	0.07	-	-	-
Trade receivables	27,787.47	-	-	27,787.47	-	-	-
Cash and cash equivalents	1,718.04	-	-	1,718.04	-	-	-
Bank balances other than cash and cash equivalents	1,431.07	-	-	1,431.07	-	-	-
Loans	4,986.52	-	-	4,986.52	-	-	-
Other financial assets	815.44	-	-	815.44	-	-	-
Financial liabilities:							
Non convertible debentures	15,000.00	-	-	15,000.00	-	-	-
Term loans	14,592.90	-	-	14,592.90	-	-	-
Sale tax deferment	-	-	-	-	-	-	-
Current Borrowings	36,422.53	-	-	36,422.53	-	-	-
Trade payables	11,826.22	-	-	11,826.22	-	-	-
Derivatives	-	769.56	-	769.56	-	769.56	-
Other financial liabilities	1,211.60	-	-	1,211.60	-	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

As on 31 March 2017	Carrying value				Fair value measurement using		
	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:							
Investment in equity instruments (Unquoted)	-	-	6,860.44	6,860.44	-	-	6,860.44
Investment in equity instruments (Quoted)	-	-	1,797.87	1,797.87	1.80	-	1,796.07
Investment in mutual funds	-	25.08	-	25.08	25.08	-	-
Investment in government securities	0.07	-	-	0.07	-	-	-
Trade receivables	22,359.85	-	-	22,359.85	-	-	-
Cash and cash equivalents	1,132.72	-	-	1,132.72	-	-	-
Bank balances other than cash and cash equivalents	2,466.06	-	-	2,466.06	-	-	-
Loans	2,918.51	-	-	2,918.51	-	-	-
Other financial assets	1,068.97	-	-	1,068.97	-	-	-
Financial liabilities:							
Non convertible debentures	24,990.43	-	-	24,990.43	-	-	-
Term Loans	16,491.47	-	-	16,491.47	-	-	-
Sale Tax Deferment	61.42	-	-	61.42	-	-	-
Current Borrowings	33,868.94	-	-	33,868.94	-	-	-
Trade payables	14,931.38	-	-	14,931.38	-	-	-
Derivatives	-	5,292.03	184.69	5,476.72	-	5,476.72	-
Other financial liabilities	1,151.65	0.70	-	1,152.35	-	-	0.70

The management assessed that trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, trade payable and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. The Company's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such borrowings approximate fair value.

B. Measurement of fair values

The Company has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2**:** The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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for the year ended 31 March 2018 (Contd.)

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following methods and assumptions were used to estimate the fair values:

(a) The fair value of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the respective reporting date.

(b) The fair value of the quoted /unquoted investments included in level 3 are based on the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.

(c) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

(d) The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.

(e) The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.

(f) The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on management estimates.

The significant observable inputs used in the fair value measurement of the fair value hierarchy of level 3 inputs like discounted cash flows, market multiple method, option pricing model etc.

There were no transfer of financial assets or liabilites measured at fair value between level 1 and level 2, or transfer into or out of level 3 during the year ended 31 March 2018 and 31 March 2017.

Reconciliation of level 3 fair value measurements

The following table shows a reconcilaition from opening balances to closing balances for level 3 for fair values on a recurring basis.

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Balance as at beginning of the year	**8,656.51**	3,147.46
Change in value of investment in equity instruments measured at FVTOCI (unrealised)	**18,664.85**	5,509.05
Balance as at end of the year	**27,321.36**	8,656.51

43. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

Risk management framework

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

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. Foreign currency options contract are entered to hedge certain foreign currency risk exposures and interest rate swaps to hedge variable interest rate exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The sources of risks which the Company is exposed to and their management is given below:

Risk	Exposure Arising from	Measurement	Management
Credit risk	Trade receivables, Investments, Derivative financial instruments, Loans	Ageing analysis, Credit rating	Diversification of mutual fund investments, Credit limit and credit worthiness monitoring, credit based approval process.
Liquidity risk	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities.
Market risk			
Foreign exchange risk	Committed commercial transaction Financial asset and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts. Foreign currency options principal only/currency swaps.
Interest rate	Long term borrowings at variable rates ; Investment in debt scheme of mutual fund and other debt securities	Sensitivity analysis Interest rate movements	Interest rate swaps
Commodity Price risk	Movement in prices of raw materials.	Commodity price tracking	Maintaining inventory at optimum level
Security prices	Investment in equity instruments	Sensitivity analysis	Portfolio diversification

The Company has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

(i) Credit risk

Credit risk is the risk of financial loss of the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally form the Company receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank, mutual fund investments, investments in debt securities, foreign exchange transactions and financial guarantees. The Company has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Trade receivable

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's export sales are backed by letters of credit . The Company bifurcates the Domestic Customers into Large Corporates, Distributors and others for Credit monitoring. The Company maintains adequate security deposits for sales made to its distributors. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Exposure to credit risks

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operates. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of three months for customers.

Details of concentration percentage of revenue generated from top customer and top five customers are stated below:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from a top customer	**25%**	14%
Revenue from top five customers	**72%**	44%

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. As per simplified approach, the Company makes provision of expected credit lossed on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss account is as follows:

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Balance at the beginning	**417.01**	417.01
Balance at the end	**417.01**	417.01

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's finance team is responsible for liquidity, finding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Amount in ₹ Lakhs

31 March 2018	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	**42,896.79**	**4,521.62**	**16,564.12**	**2,060.60**	**-**	**66,043.13**
Trade and other payables	**11,826.22**	**-**	**-**	**-**	**-**	**11,826.22**
Derivatives	**185.91**	**185.79**	**397.86**	**-**	**-**	**769.56**
Other financial liabilities	**486.77**	**-**	**-**	**25.77**	**-**	**512.54**

Amount in ₹ Lakhs

31 March 2017	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	40,725.02	6,557.92	6,271.15	31,888.03	4,390.90	89,833.02
Trade and other payables	14,931.38	-	-	-	-	14,931.38
Derivatives	4,594.40	220.79	220.79	440.74	-	5,476.72
Other financial liabilities	527.82	-	-	25.77	-	553.59

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management. Generally, the Company seeks to apply hedge accounting to manage volatility in other comprehensive income.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transactions are primarily denominated as USD and JPY. The Company manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point of time.

The Company evaluates exchange rate exposure arising from foreign currency transactions. The Company follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

Exposure to currency risk

The Company's exposure to foreign currency are at the end of the reporting period are as follows:

Amount in Lakhs

31 March 2018	In original currency (USD)	In local currency	In original currency (JPY)	In local currency
Financial Assets				
Trade receivables	**16.37**	**1,065.15**	**-**	**-**
Cash and cash equivalents	**1.20**	**78.02**	**-**	**-**
Other financial assets	**28.83**	**1,874.81**	**-**	**-**
	46.40	**3,017.98**	**-**	**-**
Financial Liabilities				
Borrowings (including current maturities of long-term debt)	**336.77**	**21,905.11**	**2,157.31**	**1,327.61**
Trade payables	**78.98**	**5,137.05**	**-**	**-**
Derivatives	**5.53**	**359.54**	**666.27**	**410.02**
Other financial liabilities	**0.22**	**14.62**	**-**	**-**
Less:Forward contracts	**(1.07)**	**(69.60)**	**-**	**-**
	420.43	**27,346.72**	**2,823.58**	**1,737.63**
Net exposure in respect of recognised financial assets and liabilities	**(374.03)**	**(24,328.74)**	**(2,823.58)**	**(1,737.63)**

Amount in Lakhs

31 March 2017	In original currency (USD)	In local currency	In original currency (JPY)	In local currency
Financial Assets				
Trade receivables	16.73	1,084.45	-	-
Cash and cash equivalents	8.98	582.52	-	-
Other financial assets	21.97	1,425.68	-	-
	47.68	3,092.65	-	-
Financial Liabilities				
Borrowings (including current maturities of long-term debt)	312.76	20,278.80	3,020.26	1,750.54
Trade payables	106.48	6,903.82	-	-
Derivatives	73.94	4,794.36	1,177.29	682.36
Other financial liabilities	0.03	1.82	-	-
Less:Forward contracts	(275.34)	(17,852.65)	-	-
	217.87	14,126.15	4,197.55	2,432.90
Net exposure in respect of recognised financial assets and liabilities	(170.19)	(11,033.50)	(4,197.55)	(2,432.90)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD and JPY against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates , remain constant and ignores any impact of forecast sales and purchases.

Amount in ₹ Lakhs

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
USD (5% Movement)	**(1,216.44)**	**1,216.44**	**(795.45)**	**795.45**
JPY (10% Movement)	**(173.76)**	**173.76**	**(113.63)**	**113.63**
31 March 2017				
USD (5% Movement)	(551.68)	551.68	(360.75)	360.75
JPY (10% Movement)	(243.29)	243.29	(159.09)	159.09

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates related primarily to the Company's current borrowing (excluding commercial paper and others) with floating interest rates. For all non-current with floating rates, the risk of variation in the interest rates in mitigated through interest rate swaps. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Exposure to interest rate risk

The interest rate profile of the Company 's interest bearing financial instruments at the end of the reporting period are as follows:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Fixed rate instruments		
Financial assets	**4,891.55**	3,175.58
Financial liabilities	**(15,000.00)**	(24,990.43)
	(10,108.45)	(21,814.85)
Effect of interest rate swaps	-	(2,674.59)
	(10,108.45)	(24,489.44)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	**(51,015.43)**	(50,360.41)
	(51,015.43)	(50,360.41)
Effect of interest rate swaps	-	2,674.59
	(51,015.43)	(47,685.82)

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitivity analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

Amount in ₹ Lakhs

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
Variable rate instruments	**(510.15)**	**510.15**	**(333.60)**	**333.60**
Interest rate swap	-	-	-	-
Cash flow sensitivity (net)	**(510.15)**	**510.15**	**(333.60)**	**333.60**
31 March 2017				
Variable rate instruments	(503.60)	503.60	(329.31)	329.31
Interest rate swap	26.75	(26.75)	17.49	(17.49)
Cash flow sensitivity (net)	(476.85)	476.85	(311.82)	311.82

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particulars foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

(c) Equity price risks

The Company's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

Sensitivity analysis

Investment in equity instruments of the Company are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. The table below summarizes the impact of increase/decrease of the Nifty 50 index on the Company's equity and profit for the period. The analysis is based on the assumption that the NSE nifty 50 equity index had increased/decreased by 10% with all other variables held constant, and that all the Company's equity instruments moved in line with the index.

Amount in ₹ Lakhs

	Profit or loss		Equity, net of tax	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
NSE Nifty 50 - increase by 10% (31 March 2017: 10%)	**0.27**	0.27	**0.18**	0.18
NSE Nifty 50 - decrease by 10% (31 March 2017: 10%)	**(0.27)**	(0.27)	**(0.18)**	(0.18)

(d) Hedge accounting

Currency risk-Transactions in foreign currency

The Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and interest rate exposures are denominated. The currencies in which these transactions are primarily denominated are US dollars and JPY Yens. The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out as per the risk managemnet policy of the Company.

The Company holds derivative financial instruments such as foreign currency forward, cross currency swaps, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.The Company's risk management policy is to hedge its foreign currency exposure in respect of firm commitments and highly probable forecasted transcations and interest rate risks. The counterparty for these contracts is generally a bank or a financial institution.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item. In order to designate a derivative contract as an effective hedge, the 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. The Company applies a hedge ratio of 1:1.

In these hedging relationships, the main sources of ineffectiveness are :

- the effect of the counterparty and the Company's own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

- changes in the timing of the hedged transactions.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Interest rate risk

The Company adopts a policy of hedging its certain interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Company applies a hedge ratio of 1:1.

The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional of hedging instruments or par amounts of hedged items.

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in re-pricing dates between the swaps and the borrowings.

The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

Particulars	Currency pair	Position	31 March 2018 Amount in foreign currency in lakhs	31 March 2018 Amount in ₹ in lakhs	31 March 2017 Amount in foreign currency in lakhs	31 March 2017 Amount in ₹ in lakhs
Forward contracts [**1,** (previous year 4)]	USD/INR	Buy	**1.07**	**69.60**	275.34	17,852.65
Currency swaps [**Nil,** (previous year 4)]	USD/INR	Sell	**-**	**-**	213.54	13,845.63
Currency swap [**1,** (previous year 1)]	USD/JPY	Sell	**2,152.78**	**1,324.82**	3,013.89	1,746.85
Option contracts [**Nil,** (previous year 5)]	USD/INR	Options	**-**	**-**	230.00	14,912.88
Interest rate swaps [**3,** (previous year 3)]	USD/INR	Notional Principal	**246.12**	**16,008.65**	246.12	15,958.08
Interest rate swaps [**Nil,** (previous year 2)]	USD-Floating to fixed	Notional Principal	**-**	**-**	41.25	2,674.59
Interest rate swap [**1,** (previous year 1)]	JPY to INR	Notional Principal	**4,733.69**	**2,913.11**	4,733.69	2,743.65

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Not later than one month	**-**	1.67
Later than one month and not later than three months	**0.12**	4,375.47
Later than three months and not later than one year	**185.79**	217.26
Later than one year	**583.65**	882.32
	769.56	5,476.72

All derivative contracts outstanding as at year end are marked to market. The Company has applied hedge accounting principles. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items. If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in Statement of Profit and Loss at the time of the hedge relationship rebalancing.

Accordingly, net exchange fluctuation loss/ (gain) aggregating to ₹ **(108.05) lakhs** [31 March 2017: ₹ (168.36 lakhs)], being the effective portion of the contract designated as effective hedge for future cash flows has been recognised in the other comprehensive income.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	Derivative financial asset	**Derivative financial liability**	Derivative financial asset	Derivative financial liability
Gross amount of recognised financial asset/ liability	**54.46**	**824.02**	114.40	5,591.12
Amount set-off	**(54.46)**	**(54.46)**	(114.40)	(114.40)
Net amount presented in balance sheet	**-**	**769.56**	-	5,476.72

Disclosure of effects of hedge accounting on financial performance

For the year ended 31 March 2018

Amount in ₹ Lakhs

Type of hedge	**Change in the value of the hedging instrument recognised in OCI**	**Hedge effectiveness recognised in Standalone Statement of Profit and Loss**	**Amount reclassified from cash flow hedging reserve to Standalone Statement of Profit and Loss**	**Line item affected in the Standalone Statement of Profit and Loss because of the reclassification**
Cash flow hedge				**Foreign exchange fluctuation**
(i) Foreign exchange risk	**(121.18)**	**-**	**(76.64)**	
(ii) Interest rate risk	**(13.13)**	**-**	**-**	

For the year ended 31 March 2017

Amount in ₹ Lakhs

Type of hedge	Change in the value of the hedging instrument recognised in OCI	Hedge effectiveness recognised in Standalone Statement of Profit and Loss	Amount reclassified from cash flow hedging reserve to Standalone Statement of Profit and Loss	Line item affected in the Standalone Statement of Profit and Loss because of the reclassification
Cash flow hedge				Foreign exchange fluctuation
(i) Foreign exchange risk	(124.65)	-	2,158.23	
(ii) Interest rate risk	(43.71)	-	-	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Movements in cash flow hedging reserve

Amount in ₹ Lakhs

Risk category	Foreign currency risks	Interest rate risk	
Derivative instruments	**Foreign exchange forward contract**	**Interest rate swaps**	**Total**
Cash flow hedging reserve			
As at 1 April 2016	2,480.71	30.57	2,511.28
Add: Changes in discounted spot element of foreign exchange forward contracts	(124.65)	-	(124.65)
Add: Changes in fair value of interest rate swaps	-	(43.71)	(43.71)
Less: Amount reclassified to profit or loss	2,158.23	-	2,158.23
As at 31 March 2017	197.82	(13.13)	184.69
Add: Changes in discounted spot element of foreign exchange forward contracts	**(121.18)**	**-**	**(121.18)**
Add: Changes in fair value of interest rate swaps	**-**	**13.13**	**13.13**
Less: Amount reclassified to profit or loss	**(76.64)**	**-**	**(76.64)**
As at 31 March 2018	**-**	**-**	**-**

Impact of hedging activities

31 March 2018

Amount in ₹ Lakhs

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument						
	Assets	**Liabilities**	**Assets**	**Liabilities**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/ rate**	**Change in fair value of hedging instrument**	**Change in the value of hedged item used as the basis for recognising hedge effectiveness**
Cash flow hedge:									
Foreign exchange contract									
- Currency swap contract	-	-	-	-	**ICICI: 28 June 2017 (USD) 24 Aug 2020 (JPY)**	**1:1**	**US$ 1: INR 46.83 JPY 1: INR 0.7026**	**(121.18)**	**121.18**
Interest rate risk									
- Interest rate swap	-	-	-	-	**DBS: 15 September 2017 HSBC: 8 November 2017**	**1:1**	**1.3%**	**13.13**	**(13.13)**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

31 March 2017

Amount in ₹ Lakhs

Type of hedge and risks	Nominal value		Carrying amount of hedging instrument		Maturity date	Hedge ratio	Weighted average strike price/ rate	Change in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities					
Cash flow hedge:									
Foreign exchange contract									
- Currency swap contract	-	USD 213.54 JPY 3,013.89	-	4,043.45	ICICI: 28 June 2017 (USD) 24 Aug 2020 (JPY)	1:1	"US$ 1: INR 46.83 JPY 1: INR 0.7026"	(121.27)	121.27
Interest rate risk									
- Interest rate swap	USD 41.25	-	13.13	-	DBS: 15 September 2020 HSBC: 17 September 2018	1:1	1.3%	(43.71)	43.71

44. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain furture development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders. The Company's objective when managing capital are to: (a) to maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Amount in ₹ Lakhs

Particulars		**31 March 2018**	31 March 2017
Debt	A	**66,015.43**	75,412.26
Liquid investments including bank deposits	B	**1,718.04**	1,157.80
TOTAL	C = A-B	**64,297.39**	74,254.46
Equity	D	**145,632.55**	107,809.76
Debt to Equity	E = A / D	**0.45**	0.70
Debt to Equity (net)	F = C / D	**0.44**	0.69

For the purpose of the Company's capital management

(a) Debt is defined as non-current borrowings, current borrowings and current maturities of long-term debts as described in note 19 and 22.

(b) Equity includes Issued, subscribed and fully paid-up equity share capital and other equity attributable to the equity holders of the Company as described in note 17 and 18.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

45. Segments information

See accounting policy in note 3(u)

In accordance with Ind AS 108 "Operating Segments", 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 standalone financial statements.

46. Government grant (Ind AS 20): Other operating revenues includes Incentives against capital investments, under State Investment Promotion Scheme of ₹ **Nil** (31 March 2017: ₹ 557.06 lakhs).

47. 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 arm's 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.

48. Due to Micro enterprises and small enterprises

Amount in ₹ Lakhs

		31 March 2018	31 March 2017
(a)	The amounts remaining unpaid to Micro and Small suppliers as at the end of each accounting year:		
	- Principal	**200.58**	187.69
	- Interest	**-**	-
(b)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (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.	**-**	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

49. Distribution made and proposed dividend

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Cash dividend on equity shares declared and paid		
Final dividend for the year ended on 31 March 2017: ₹ 0.10 per share (31 March 2016: ₹ 0.05)	**418.41**	209.20
Dividend distribution tax on final dividend	**85.18**	42.59
Total dividend paid	**503.59**	251.79
Proposed dividend on Equity shares		
Final dividend for the year ended on 31 March 2018: ₹ 0.10 per share (31 March 2017: ₹ 0.10)	**418.41**	418.41
Dividend distribution tax on final dividend	**86.00**	85.18
Total dividend proposed	**504.41**	503.59

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including dividend distribution tax thereon) as at 31 March 2018.

50. Disclosure on specified bank notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited standalone financial statements for the period ended 31 March 2017 have been disclosed.

Amount in ₹ Lakhs

	Specified Bank Notes	**Other denomination notes**	**Total**
Closing cash in hand as on 8 November 2016	25.30	7.69	32.99
Add: Permitted receipts	-	59.36	59.36
Less: Permitted payments	-	55.11	55.11
Less: Amount deposited in banks	25.30	-	25.30
Closing cash in hand as on 30 December 2016	-	11.94	11.94

51. The Shareholders by way of special resolution dated 24 September 2016, at Annual General Meeting, have authorised the Nomination and Remuneration Committee ("the Committee") to grant options to the employees under the Himadri Employee Stock Option Plan 2016 ("ESOP 2016"). Accordingly, the Committee has further granted 26,95,000 (Twenty six lakhs ninety five thousand only) options as Grant II on 8 May 2018, to its eligible employees (with each such option conferring a right upon the employee to apply for one equity share of the Company) under the ESOP 2016. The face value of each equity share is ₹ 1/- and exercise price per option/equity share is ₹ 140 per share, and the options shall vest after 1 year but within 5 years from the date of such grant.

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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Himadri Speciality Chemical Limited

(formerly known as Himadri Chemicals & Industries Limited)

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Himadri Speciality Chemical Limited (formerly known as 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"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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 state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing these consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

We conducted our audit 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 Ind AS financial statements are free from material misstatement.

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

We are also responsible to conclude on the appropriateness of management's use of the going

INDEPENDENT AUDITOR'S REPORT (Contd.)

concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements/ information of 3 (three) subsidiaries- Equal Commodeal Private Limited, AAT Global Limited and Shandong Dawn Himadri Chemical Industry Limited for the year ended 31 March 2018, whose financial statements/ information reflect total assets of ₹ 35,381.56 lakhs as at 31 March 2018, total revenues of ₹ 42,970.35 lakhs and net cash inflows amounting to ₹ 193.82 lakhs for the year ended on that date, as considered in the consolidated Ind AS 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 Ind AS 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-section (3) 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.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management have converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

INDEPENDENT AUDITOR'S REPORT (Contd.)

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure A'; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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, as also the other financial information of the subsidiaries, as noted in the 'Other Matters' paragraph:

i. The consolidated Ind AS financial statement disclose the impact of pending litigations on the consolidated financial position of the Group - Refer note 8, 16, 24 and 35(a) to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long term contracts including derivative contracts - Refer note 21 to the consolidated Ind AS financial statements in respect of 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 during the year 31 March 2018; and

iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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: 29 May 2018

ANNEXURE A

to the Independent Auditor's Report
(Referred to in our report of even date)

Report on the Internal Financial Controls with reference to financial statements 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 Ind AS financial statements of Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited) ("the Holding Company") as of and for the year ended 31 March 2018, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls with reference to financial statements

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 with reference to financial statements criteria established by the Holding Company and its subsidiary company incorporated in India 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 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's and its subsidiary company incorporated in India, internal financial controls with reference to financial statements 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 Act, to the extent applicable to an audit of internal financial controls. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor 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 Holding Company's and its subsidiary Company's incorporated in India, internal financial control system with reference to financial statements.

Meaning of Internal financial controls with reference to financial statements

A company's internal financial control with reference to financial statements 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

ANNEXURE A

to the Independent Auditor's Report
(Referred to in our report of even date) (Contd.)

principles. A company's internal financial control with reference to financial statements 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.

Inherent Limitations of Internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements , 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2018, based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to its subsidiary company incorporated in India, is based on the corresponding report of the auditor of such 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: 29 May 2018

CONSOLIDATED BALANCE SHEET
as at 31 March 2018

Amount in ₹ Lakhs

	Note	31 March 2018	31 March 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	4	**117,542.16**	117,382.03
(b) Capital work-in-progress	5	**2,244.44**	1,298.98
(c) Intangible assets	6	**236.14**	-
(d) Financial assets			
(i) Investments	7	**27,323.03**	8,657.38
(ii) Trade receivables	8	**798.79**	798.79
(iii) Loans	11	**1,671.04**	1,874.11
(iv) Other financial assets	12	**3.04**	6.71
(e) Deferred tax assets	33	**15,462.90**	7,853.02
(f) Non-current tax assets (net)	13	**486.68**	409.72
(g) Other non-current assets	14	**5,317.84**	2,716.25
Total Non-current assets		**171,086.06**	140,996.99
(2) Current assets			
(a) Inventories	15	**42,011.70**	39,589.40
(b) Financial assets			
(i) Investments	7	**1.14**	37.67
(ii) Trade receivables	8	**27,179.85**	22,119.53
(iii) Cash and cash equivalents	9	**1,989.42**	1,205.08
(iv) Bank balances other than (iii) above	10	**1,431.07**	2,466.06
(v) Loans	11	**316.43**	483.60
(vi) Other financial assets	12	**798.79**	864.26
(c) Other current assets	16	**12,275.86**	11,272.70
Total Current assets		**86,004.26**	78,038.30
TOTAL ASSETS		**257,090.32**	219,035.29
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	**4,184.08**	4,184.08
(b) Other equity	18	**137,281.86**	98,826.33
Equity attributable to the owners of the Company		**141,465.94**	103,010.41
Non-controlling interests		**(26.42)**	(36.84)
Total Equity		**141,439.52**	102,973.57
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**23,119.18**	38,703.12
(ii) Derivatives	21	**583.65**	882.32
(iii) Other financial liabilities	22	**25.77**	25.77
(b) Provisions	24	**255.22**	178.86
(c) Deferred tax liabilities (net)	33	**25,173.74**	8,974.27
Total Non-current liabilities		**49,157.56**	48,764.34
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	**36,422.53**	35,815.58
(ii) Trade payables	20	**14,623.49**	17,829.43
(iii) Derivatives	21	**185.91**	4,594.40
(iv) Other financial liabilities	22	**7,659.55**	3,982.66
(b) Other current liabilities	23	**7,480.81**	4,748.11
(c) Provisions	24	**40.24**	18.19
(d) Current tax liabilities (net)	25	**80.71**	309.01
Total Current liabilities		**66,493.24**	67,297.38
TOTAL EQUITY AND LIABILITIES		**257,090.32**	219,035.29
Significant accounting policies	3		
The accompanying notes 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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended 31 March 2018

Amount in ₹ Lakhs

	Note	Year ended 31 March 2018	Year ended 31 March 2017
I. Revenue from operations	26	**207,184.68**	149,008.82
II. Other income	27	**1,225.95**	583.70
III. Total income (I + II)		**208,410.63**	149,592.52
IV. Expenses			
Cost of materials consumed	28	**137,370.32**	87,458.98
Changes in inventories of finished goods and work-in-progress	29	**(845.30)**	703.09
Excise duty		**5,034.56**	14,708.21
Employee benefits expense	30	**4,839.16**	3,730.54
Finance costs	31	**7,044.87**	8,157.74
Depreciation and amortisation expense	4 and 6	**3,323.24**	3,278.14
Other expenses	32	**15,546.86**	19,089.24
Total expenses		**172,313.71**	137,125.94
V. Profit before tax (III-IV)		**36,096.92**	12,466.58
VI. Tax expenses	33		
Current tax		**7,612.00**	2,644.45
Deferred tax		**3,725.16**	1,578.31
VII. Profit for the year (V-VI)		**24,759.76**	8,243.82
VIII. Other comprehensive income (net of tax)			
A. Items that will not be reclassified subsequently to profit or loss			
(a) Remeasurements of defined benefit liability/ (asset)		**(13.58)**	(11.69)
(b) Equity instruments through other comprehensive income - net change in fair value		**13,794.02**	5,509.67
Net other comprehensive income not to be reclassified subsequently to profit or loss		**13,780.44**	5,497.98
B. Items that will be reclassified subsequently to profit or loss			
(a) Effective portion of gains/(losses) on hedging instruments in cash flow hedges		**3,882.61**	168.36
(b) Effective portion of gains/(losses) on hedging instruments in cash flow hedges reclassified to profit and loss		**(3,774.56)**	-
(c) Exchange differences in translating financial statements of foreign operations		**143.96**	(734.82)
Net other comprehensive income to be reclassified subsequently to profit or loss		**252.01**	(566.46)
Other comprehensive income for the year, net of tax		**14,032.45**	4,931.52
IX. Total comprehensive income for the year (VII+VIII)		**38,792.21**	13,175.34
X. Profit attributable to:			
Owners of the Company		**24,746.24**	8,277.57
Non-controlling interests		**13.52**	(33.75)
Profit after tax		**24,759.76**	8,243.82
XI. Other comprehensive income attributable to:			
Owners of the Company		14,035.55	4,929.69
Non-controlling interests		(3.10)	1.83
Other comprehensive income for the year		**14,032.45**	4,931.52
XII. Total comprehensive income attributable to:			
Owners of the Company		38,781.79	13,207.26
Non-controlling interests		10.42	(31.92)
Total comprehensive income for the year		**38,792.21**	13,175.34
XIII. Earnings per equity share	34		
[Face value of equity share ₹ **1** each (previous year ₹ 1 each)]			
- Basic		**5.92**	1.98
- Diluted		**5.92**	1.98
Significant accounting policies	3		
The accompanying notes 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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

A. Equity share capital

	Note	Number	Amount in ₹ Lakhs
Balance as at 1 April 2016		418,407,867	4,184.08
Changes in equity share capital during 2016-17	17	-	-
Balance as at 31 March 2017		418,407,867	4,184.08
Changes in equity share capital during 2017-18	17	-	-
Balance as at 31 March 2018		**418,407,867**	**4,184.08**

B. Other equity

Amount in ₹ Lakhs

Particulars	Note	Reserves and surplus						Items of OCI					
		Capital reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Effective portion of cash flow hedge	Exchange differences in translating financial statements of foreign operations	Equity instruments through other comprehensive income	Total attributable to the owners of the Company	Attributable to Non-controlling interests	Total
Balance at 1 April 2016		1,280.50	45,365.53	3,535.71	13,669.94	-	22,377.69	(2,511.28)	(271.69)	239.00	83,685.40	(4.92)	83,680.48
Total comprehensive income for the year ended 31 March 2017													
Profit or Loss		-	-	-	-	-	8,277.57	-	-	-	8,277.57	(33.75)	8,243.82
Other comprehensive income (net of tax)		-	-	-	-	-	(11.69)	168.36	(734.82)	5,509.67	4,931.52	1.83	4,933.35
Total comprehensive income		-	-	-	-	-	8,265.88	168.36	(734.82)	5,509.67	13,209.09	(31.92)	13,177.17
Dividends (including corporate dividend tax)	50	-	-	-	-	-	(251.79)	-	-	-	(251.79)	-	(251.79)
Fair value changes on derivatives designated as cash flow hedge	43 (d)	-	-	-	-	-	-	2,158.23	-	-	2,158.23	-	2,158.23
Share based payments- Equity settled	39	-	-	-	-	25.40	-	-	-	-	25.40	-	25.40
Transfer to debenture redemption reserve		-	-	678.56	-	-	(678.56)	-	-	-	-	-	-
Balance at 31 March 2017		1,280.50	45,365.53	4,214.27	13,669.94	25.40	29,713.22	(184.69)	(1,006.51)	5,748.67	98,826.33	(36.84)	98,789.49

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018 (Contd.)

Amount in ₹ Lakhs

Particulars	Note	Reserves and surplus						Items of OCI					
		Capital reserve	Securities premium reserve	Debenture redemption reserve	General reserve	Share option outstanding reserve	Retained earnings	Effective portion of cash flow hedge	Exchange differences in translating financial statements of foreign operations	Equity instruments through other comprehensive income	Total attributable to the owners of the Company	Attributable to Non-controlling interests	Total
Balance at 1 April 2017		1,280.50	45,365.53	4,214.27	13,669.94	25.40	29,713.22	(184.69)	(1,006.51)	5,748.67	98,826.33	(36.84)	98,789.49
Total comprehensive income for the year ended 31 March 2018													
Profit or Loss		-	-	-	-	-	24,746.24	-		-	24,746.24	13.52	24,759.76
Other comprehensive income (net of tax)		-	-	-	-	-	(13.58)	108.05	143.96	13,794.02	14,032.45	(3.10)	14,029.35
Total comprehensive income		-	-	-	-	-	24,732.66	108.05	143.96	13,794.02	38,778.69	10.42	38,789.11
Dividends (including corporate dividend tax)	50	-	-	-	-	-	(503.59)	-	-	-	(503.59)	-	(503.59)
Fair value changes on derivatives designated as cash flow hedge	43 (d)	-	-	-	-	-	-	76.64	-	-	76.64	-	76.64
Share based payments- Equity settled	39	-	-	-	-	103.79	-	-	-	-	103.79	-	103.79
Transfer from debenture redemption reserve		-	-	(1,750.00)	1,750.00	-	-	-	-	-	-	-	-
Transfer to debenture redemption reserve		-	-	428.56	-	-	(428.56)	-	-	-	-	-	-
Balance at 31 March 2018		1,280.50	45,365.53	2,892.83	15,419.94	129.19	53,513.73	-	(862.55)	19,542.69	137,281.86	(26.42)	137,255.44
Significant accounting policies	3												

The accompanying notes 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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

Amount in ₹ Lakhs

	Year ended 31 March 2018		Year ended 31 March 2017	
A. Cash flows from operating activities				
Net profit before tax		**36,096.92**		12,466.58
Adjustments for:				
Depreciation and amortisation expense	**3,323.24**		3,278.14	
Share based payments	**103.79**		25.40	
Finance costs	**7,044.87**		8,157.74	
Interest income	**(101.82)**		(190.99)	
Unwinding of discount on security deposits and others	**(227.27)**		(166.63)	
Gain of fair valuation of investments through profit or loss	**(0.63)**		(65.56)	
Dividend income on equity instruments	**(0.08)**		(0.22)	
Gain on sale of current investments (mutual funds)	**(12.20)**		(29.57)	
Unrealised foreign exchange fluctuation (net)	**781.12**		1,994.25	
Net gain on sale of property, plant and equipment	**-**		(39.21)	
		10,911.02		12,963.35
Operating cash flows before working capital changes		**47,007.94**		25,429.93
Working capital adjustments:				
(Increase) in inventories	**(2,422.30)**		(7,627.26)	
(Increase) in trade receivables	**(5,038.63)**		(1,749.51)	
(Increase) in financial and other assets	**(1,167.05)**		(1,541.22)	
Increase/ (decrease) in trade payables	**(3,212.13)**		6,472.99	
Increase/ (decrease) in financial, other liabilities and provisions	**(1,578.68)**		1,892.67	
		(13,418.79)		(2,552.33)
Cash generated from operating activities		**33,589.15**		22,877.60
Income tax paid (net)		**(7,922.68)**		(2,338.44)
Net cash from operating activities (A)		**25,666.47**		20,539.16
B. Cash flows from investing activities				
Acquisition of property, plant and equipments	**(6,278.63)**		(472.14)	
Proceeds from sale of property, plant and equipments	**-**		44.61	
Interest income received	**156.57**		170.60	
Dividends received	**0.08**		0.22	
Proceeds from sale of investments	**6,399.35**		2,803.07	
Purchase of investments	**(6,350.00)**		(13.00)	
(Investment)/ redemption in fixed deposits with banks (having maturity of more than 3 months)	**1,038.63**		(781.27)	
Net cash provided/ (used) in investing activities (B)		**(5,034.00)**		1,752.09

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

		Year ended 31 March 2018		Year ended 31 March 2017	
C.	**Cash flows from financing activities**				
	Repayment of non convertible debentures	**(10,000.00)**		-	
	Proceeds from non-current borrowings	**13,122.63**		5,053.04	
	Repayment of non-current borrowings	**(15,223.53)**		(11,880.34)	
	Increase/ (decrease) in current borrowings	**12.71**		(4,983.82)	
	Interest paid	**(6,478.93)**		(10,359.79)	
	Net proceeds/ (outflow) on settlement of derivative contracts	**(917.54)**		(896.99)	
	Dividend paid (including dividend distribution tax)	**(503.59)**		(251.79)	
	Net cash provided by/ (used in) financing activities (C)		**(19,988.25)**		(23,319.69)
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)		**644.22**		(1,028.44)
	Cash and cash equivalents at 1 April		**1,205.08**		2,966.95
	(refer note 9 to the Consolidated financial statements)				
	Effect of changes in exchange differences in translating financial statements of foreign operations		**140.86**		(732.99)
	Effect of exchange rate fluctuations on cash held in foreign currency (EEFC accounts)		**(0.74)**		(0.44)
	Cash and cash equivalents at 31 March		**1,989.42**		1,205.08
	(refer note 9 to the Consolidated financial statements)				

Notes:

1. Consolidated Statement of Cash Flows has been prepared under the indirect method as set out in Ind AS 7 specified under Section 133 of the Companies Act, 2013.
2. Acquisition of property, plant and equipment includes movements of capital work-in-progress (including capital advances and liability for capital goods) during the year.
3. Change in Liability arising from financing activities

Amount in ₹ Lakhs

	1 April 2017	Cash flow (net)	Foreign exchange movement	Fair Value Changes	31 March 2018
Borrowing (including current maturities of long-term debt) - Non Current	41,543.32	(12,100.90)	88.46	62.02	29,592.90
Borrowing - Current	35,815.58	12.71	594.24	-	36,422.53

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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical Limited
CIN: L27106WB1987PLC042756

Sd/-
Bankey Lal Choudhary
Managing Director
DIN: 00173792

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Executive Director
DIN: 00173732

Sd/-
Kamlesh Kumar Agarwal
Chief Financial Officer

Sd/-
Bajrang Lal Sharma
Company Secretary

Place: Kolkata
Date: 29 May 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018

1. Reporting entity

Himadri Speciality Chemical Limited (formerly known as Himadri Chemicals & Industries Limited ('the Holding Company' or ' the Company') is a public company domiciled and headquartered in India, having its registered office situated at 23A, N. S Road, Kolkata. The Holding Company was originally incorporated on 28 July 1987 and its shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Holding Company is primarily engaged in the manufacturing of carbon materials and chemicals. The Holding Company has operations in India and caters to both domestic and international markets. The Holding 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 the name of Shandong Dawn Himadri Chemical Industry Limited, incorporated in China, collectively referred to as "the Group".

2. Basis of preparation of Consolidated financial statements

(a) Statement of compliance

These Consolidated financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act and guidelines issued by the Securities and Exchange Board of India ('SEBI'), as applicable.

The Consolidated financial statements are authorised for issue by the Board of Directors of the Holding Company at their meeting held on 29 May 2018.

The details of the Group's accounting policies are included in note 3.

(b) Functional and presentation currency

These Consolidated financial statements are presented in Indian Rupees (₹), which is also the Holding Company's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

(c) Basis of measurement

The Consolidated financial statements have been prepared on historical cost convention on the accrual basis, except for the following items:

(i) Derivative financial instruments measured at fair value;

(ii) Certain financial assets and financial liabilities measured at fair value;

(iii) Assets held for sale-measured at the lower of its carrying amount and fair value less costs to sell;

(iv) Employee's defined benefit plan as per actuarial valuation; and

(v) Share-based payments

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(d) Use of estimates and judgements

The preparation of the Group's Consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The application of accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in these Consolidated financial statements have been disclosed below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. The changes in the 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.

Critical accounting estimates and key sources of estimation uncertainty: Key assumptions

(i) Useful lives of Property, plant and equipment

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/ component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets. See note 3 (d) and 4 for details.

(ii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using certain valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as volatility risk, credit risk and volatility. See note 3(v) and 42 for details.

(iii) Defined benefit plan

The cost of the defined benefit plan includes gratuity and the present value of the gratuity obligation are determined using actuarial valuations using projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. See note 3(g) and 38 for details.

(iv) Share-based payments

The Group measures the cost of equity-settled transactions with employees using Black Scholes Merton model to determine the fair value of the liability incurred on the grant date. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 3(g)(ii) and 39.

(v) Recognition of current tax and deferred tax

Current taxes are recognised at tax rates (and tax laws) enacted or substantively enacted by the reporting date and the amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used See note 3(n) and 33 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(vi) Recognition and measurement of provisions and contingencies

The certain key assumptions about the likelihood and magnitude of an outflow of resources. Provision is towards known contractual obligation, litigation cases and pending assessments in respect of taxes, duties and other levies in respect of which management believes that there are present obligations and the settlement of such obligations are expected to result in outflow of resources, to the extent provided for. See note 8, 16, 24, 35(a) and 43 for details.

(e) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and financial liabilities.

The Group has an established control framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements and it regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 37 and 40.

(f) Basis of consolidation

(i) Business combination

Business combinations are accounted for using Ind AS 103, Business Combinations. Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets.

(ii) Subsidiaries

These Consolidated financial statements are prepared on the following basis in accordance with Ind AS on "Consolidated Financial Statements"(Ind AS - 110, specified under Section 133 of the Companies Act, 2013.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries considered in the Consolidated financial statements are:

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%

(iii) Non-controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

(v) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiaries used in the consolidation procedures are drawn upto the same reporting date i.e 31 March 2018.

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with subsidiaries are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies

(a) Current and 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.

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.

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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

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.

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

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.

(b) (i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at an average rate which approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise, except:

- exchange differences on qualifying cash flow hedges to the extent that the hedges are effective;
- exchange differences on long term foreign currency monetary items accounted for in accordance with exemption availed by the Group under Ind AS 101.

(ii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries) like fair value adjustments arising on acquisition, are translated into ₹ the functional currency of the Group, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at an average rate.

When a foreign operation is disposed off in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognized in Other Comprehensive Income (OCI) is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to Non-controlling Interest (NCI).

(c) Financial instruments

(i) Recognition and initial measurement

Trade Receivables and debt securities issued are initially recognised when they are originated. All financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially measured at transaction price.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue of the financial asset.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost; or
- fair value through Other Comprehensive Income (FVOCI)– Equity Investment; or
- fair value through Profit or Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

a. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

The effective interest rate (EIR) amortisation is included in finance income in the Consolidated Statement of Profit and Loss. This category generally applies to long-term deposits and long-term trade receivables.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI-equity investment). This election is made on an investment-by-investment basis.

Financial assets are measured at the FVOCI if both of the following conditions are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI).

In accordance with Ind AS 101, the Group has irrevocably designated its investment in equity instruments (other than investment in subsidiary) as FVOCI on the date of transition to Ind AS.

Financial assets at FVTPL

All financial assets which are not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Consolidated Statement of Profit and Loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is recognised in consolidated Statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in Consolidated Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to Consolidated Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

Financial liabilities through FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Consolidated Statement of Profit and Loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. See note 3 (c) (v) for financial liabilities designated as hedging instruments.

Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on such instruments are recognised in the Consolidated Statement of Profit and Loss.

Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Consolidated Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in Consolidated Statement of Profit and Loss.

Interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

Financial guarantee liability

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value net off transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset:

- when the contractual rights to the cash flows from the financial asset expire, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Consolidated Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments, such as foreign currency forward contracts, interest rate swaps, cross currency swap and option contracts to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in Consolidated Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group uses forward contracts, cross currency swaps and interest rates swaps to hedge its exposure to foreign currency risk in forecast transactions and firm commitments.

These derivative contracts which qualify as cash flow hedges are recorded in accordance with the recognition and measurement principles set out in the Ind AS 109 "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.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income (OCI) and accumulated in the other equity under 'effective portion of cash flow hedges'. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Consolidated Statement of Profit and Loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in other equity is included directly in the initial cost of the non-financial item when it is recognised. For all other hedged forecast transactions, the amount accumulated in other equity is reclassified to Consolidated Statement of Profit and Loss in the same period or periods during which the hedged expected

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future cash flows affect Consolidated Statement of Profit and Loss.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains there until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to Consolidated Statement of Profit and Loss in the same period or periods as the hedged expected future cash flows affect Consolidated Statement of Profit and Loss.

If the hedged future cash flows/ forecasted transactions are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to Consolidated Statement of Profit and Loss.

Derivatives that are not designated as hedge

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through Consolidated Statement of Profit and Loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Embedded derivative are accounted for as separate derivative and recorded at fair value with changes in fair value recognised in Consolidated Statement of Profit and Loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Borrowing costs directly attributable to the acquisition or construction of those qualifying property, plant and equipment, which necessarily take a substantial period of time to get ready for their intended use, are capitalised.

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

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Any gain or loss on disposal of an item of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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property, plant and equipment is recognised in Consolidated Statement of Profit and Loss. Property, plant and equipment under construction are disclosed as Capital work-in-progress. 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'.

Foreign currency exchange differences on loans used for purchases of property, plant and equipment prior to 1 April 2016 are continued to be capitalised as per policy stated in note 3 (b) above.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation and amortisation

Depreciation and amortisation for the year is recognised in the Consolidated Statement of Profit and Loss.

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the written down value method for property, plant and equipment situated at Liluah Unit - I (Howrah), Vapi and Vizag, and on Property, Plant and equipments 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.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. 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. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted as appropriate.The estimated useful lives of items of property, plant and equipment for the current period are as follows:

Asset	Management estimate of useful life (in years)	Useful life as per Schedule II (in years)
Buildings	10-60	30
Plant and equipment	5-60	8-40
Office equipment	5-25	5
Vehicles	8-10	6-10
Furniture and fittings	10	8-10

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation report obtained from an independent valuer, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Estimates in respect of Plant and equipment and Building were revised w.e.f 1 April 2016.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed off).

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(e) Intangible Assets

(i) Recognition and measurement

Intangible assets includes computer software which are acquired by the Group and are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

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.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) Amortisation

Amortisation in respect to all the intangible assets is provided on straight line method over the useful lives of assets based on the evaluation. The useful life of such intangible assets of Computer Software is 5 years

(f) Impairment

(i) Impairment of financial instruments: financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in Consolidated Statement of Profit and Loss.

In case of trade receivables, the Group follows the simplified approach permitted by Ind AS 109 - Financial Instruments for recognition of impairment loss allowance. The application of simplified approach does not require the Group to track changes in credit risk. The Group calculates the expected credit losses on trade receivables using a provision matrix on the basis of its historical credit loss experience.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including subsequent information.

(ii) Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating

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units (CGUs). Each CGU represents the smallest Group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Group's corporate assets (e.g. corporate office for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

(i) Short-term employee benefits

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

(ii) Share- based payment transactions

The Group recognises compensation expense relating to share-based payments in Consolidated Statement of Profit and Loss using fair value in accordance with Ind AS 102, Share Based Payment.

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(iii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions (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. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Consolidated Statement of Profit and Loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iv) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's gratuity benefit scheme is a defined benefit plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements. The Group recognises all actuarial gains and losses arising from defined benefit plan immediately in the Consolidated Statement of Profit and Loss.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Consolidated Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Consolidated Statement of Profit and Loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The contributions are deposited with the Life Insurance Corporation of India based on information received by the Group. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Consolidated Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested.

(v) Compensated absences

As per policy of the Group, 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

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to be utilised wholly within twelve months after the end of such period, the benefit is classified as a current 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. The expected cost of accumulating compensated absences is determined by the management at each balance sheet date measured based on the amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Non-accumulating compensated absences are recognised in the period in which the absences occur.

(h) Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(i) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, packing materials, stores and spares are measured at the lower of cost and net realisable value.

The cost of inventories is based on the first-in first-out (FIFO) formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Excise duty liability is included in the valuation of closing inventory of the finished goods.

In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

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.

Assessment of net realisable value is made at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

(j) Revenue- Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and quantity discounts

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and exclusive of Sales tax , Value added tax (VAT) and Goods and Service Tax (GST) and is inclusive of excise duty. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

The timing of transfers of risks and rewards varies depending on the individual terms of sale. Export incentives (duty drawback) are recognised on accrual basis against goods exported.

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.

(k) Government grants

Government grants are recognised in the Consolidated Statement of Profit and Loss as other operating revenue on a systematic basis over the periods in which the Group recognises the related costs for which the grants are intended to compensate.

Government grants that are receivable towards capital investments under State Incentive Scheme are recognised in the Consolidated Statement of Profit and Loss in the period in which they become receivable.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates and is being recognised in the Consolidated Statement of Profit and Loss. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

(l) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

(ii) Assets held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e.

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operating leases) are not recognised in the Group's Consolidated Balance Sheet. Payments made under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with general inflation.

(iii) Lease payments

Payments made under operating leases are generally recognised in Consolidated Statement of Profit and Loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(m) Recognition of dividend income, interest income or expense

Dividend income is recognised in Consolidated Statement of Profit and Loss on the date on which the Group's right to receive payment is established.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(n) Income tax

Income tax expense comprises of current tax and deferred tax. Current tax and deferred tax is recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes (tax base). Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

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- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 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.

(o) Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where there is an unrealised exchange loss which is treated as an adjustment to interest and subsequently there is a realised or unrealised gain in respect of the settlement or translation of the same borrowing, the gain to the extent of the loss previously recognised as an adjustment is recognised as an adjustment to interest.

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(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(q) Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Holding Company.

(r) 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.

(s) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

(t) 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.

(u) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) to make decisions about resources to be allocated to the segments and assess their performance. The Group has currently two reportable segments viz. Carbon materials and chemicals and Power.

(v) Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Separable embedded derivative

The fair value of the separable embedded derivative is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on measurement date, expected term of the instrument, risk free rate (based on government bond), expected volatility.

(ii) Non-derivative financial assets

Non-derivative financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes directly attributable transaction costs. These are measured at amortised cost or at FVTPL or at FVOCI. Investments in equity instruments are measured at FVOCI and adjusted net assets method has been used for fair valuations of investment in unquoted securities.

(iii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iv) Derivative financial liabilities

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swap to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value.

(v) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. For finance leases the market rate of interest is determined with reference to similar lease agreements.

(vi) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility, expected life of the instrument (based on historical experience), expected dividends, and the risk free interest rate (based on government bonds).

3A. Recent accounting pronouncements- Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after 1 April 2018:

(i) Revenue from contracts with customers- Ind AS 115

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after 1 April 2018.

The Holding Company will adopt the standard on 1 April 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended 31 March 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant

(ii) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

4. Property, plant and equipment

See accounting policies in note 3(d) and (f)

Reconciliation of carrying amount

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Office equipment	Total
Cost or deemed cost (Gross carrying amount)								
Balance at 1 April 2016	3,600.94	619.15	11,537.62	139,847.30	793.63	924.52	1,674.47	158,997.63
Additions	69.86	29.81	144.58	2,894.88	0.72	65.81	104.44	3,310.10
Disposals/ discard	(3.65)	-	-	-	(0.37)	(5.88)	(12.40)	(22.30)
Effect of movement in foreign exchange rates	-	-	-	15.36	-	-	-	15.36
- Exchange differences on translation of foreign operations	-	(26.06)	(356.74)	(397.19)	(4.74)	(7.53)	(9.28)	(801.54)
Balance at 31 March 2017	**3,667.15**	**622.90**	**11,325.46**	**142,360.35**	**789.24**	**976.92**	**1,757.23**	**161,499.25**
Balance at 1 April 2017	**3,667.15**	**622.90**	**11,325.46**	**142,360.35**	**789.24**	**976.92**	**1,757.23**	**161,499.25**
Additions	**245.66**	**40.00**	**202.56**	**1,986.56**	**25.88**	**80.29**	**100.74**	**2,681.69**
Disposals/ discard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Effect of movement in foreign exchange rates	**-**	**29.43**	**402.93**	**537.54**	**5.33**	**8.49**	**9.86**	**993.58**
Balance at 31 March 2018	**3,912.81**	**692.33**	**11,930.95**	**144,884.45**	**820.45**	**1,065.70**	**1,867.83**	**165,174.52**
Accumulated depreciation and amortisation								
Balance at 1 April 2016	-	42.92	2,446.25	35,966.33	435.32	580.21	1,538.33	41,009.36
Depreciation/ amortisation for the year	-	20.32	262.95	2,775.60	76.95	95.76	46.56	3,278.14
Adjustments/ disposals	-	-	-	-	(0.19)	(3.98)	(11.45)	(15.62)
Exchange differences on translation of foreign operations	-	(3.83)	(52.76)	(83.51)	(1.91)	(3.88)	(8.77)	(154.66)
Balance at 31 March 2017	-	59.41	2,656.44	38,658.42	510.17	668.11	1,564.67	44,117.22
Balance at 1 April 2017	**-**	**59.41**	**2,656.44**	**38,658.42**	**510.17**	**668.11**	**1,564.67**	**44,117.22**
Depreciation/ amortisation for the year	**-**	**20.36**	**264.97**	**2,841.34**	**74.23**	**83.39**	**38.82**	**3,323.11**
Adjustments/ disposals	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	**-**	**4.98**	**66.13**	**103.38**	**2.71**	**5.48**	**9.35**	**192.03**
Balance at 31 March 2018	**-**	**84.75**	**2,987.54**	**41,603.14**	**587.11**	**756.98**	**1,612.84**	**47,632.36**

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for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fittings	Vehicles	Office equipment	Total
Carrying amounts (net)								
At 31 March 2017	3,667.15	563.49	8,669.02	103,701.93	279.07	308.81	192.56	117,382.03
At 31 March 2018	**3,912.81**	**607.58**	**8,943.41**	**103,281.31**	**233.34**	**308.72**	**254.99**	**117,542.16**

Notes:

(a) As at 31 March 2018, Property, plant and equipment with carrying amount of ₹ **106,036.35 lakhs** (31 March 2017: ₹ 106,423.43 lakhs) are subject to first charge to secure borrowings (refer note 19).

(b) Closing gross carrying amount includes Research and development assets (Building, Plant and equipment, Furniture and fittings and Office equipment) of ₹ **1,446.01 lakhs** (31 March 2017: ₹ 1,254.12 lakhs) and Net Block of ₹ **916.29 lakhs** (31 March 2017: ₹ 815.95 lakhs). Additions for the Research and development assets during the year 2017-18 is ₹ **191.89** lakhs.

(c) During the previous year ended 31 March 2017, on the basis of technical report obtained from an independent valuer, the management had reassessed estimated useful life of Plant and equipment, and Buildings with effect from 1 April 2016. As a result, the depreciation charge for the previous year ended 31 March 2017 was lower by ₹ 2,859.93 lakhs and profit before tax for the previous year ended 31 March 2017 was higher by ₹ 2,859.93 lakhs.

5. Capital work-in-progress

See accounting policy in note 3(b and d)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
At the beginning of the year	**1,298.98**	3,138.01
Additions during the year	**3,352.91**	1,376.97
Capitalised during the year	**(2,444.40)**	(3,182.84)
Impact of foreign exchange differences	**36.95**	(33.16)
At the end of the year	**2,244.44**	1,298.98

Capital work-in-progress includes:

Expenditure incurred during construction period on substantial expansion / new manufacturing facility of the Group, given below:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
At the beginning of the year	**17.46**	198.84
Additions during the year:		
Employee benefits expense	**-**	11.68
Power and fuel	**-**	1.66
Rates and taxes	**50.00**	7.80
Repairs	**-**	1.05
Rent	**-**	3.73
Miscellaneous expenses (includes consultancy charges, inspection charges, testing charges, etc.)	**136.89**	52.53
	186.89	78.45
Less: Capitalised during the year	**-**	259.83
At the end of the year	**204.35**	17.46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

6. Intangible assets

See accounting policies in note 3(e)

Reconciliation of carrying amount

Amount in ₹ Lakhs

	Computer Software	Total
Cost or deemed cost (Gross carrying amount)		
Balance at 1 April 2016	-	-
Additions	-	-
Disposals/ Discard	-	-
Balance at 31 March 2017	-	-
Balance at 1 April 2017	-	-
Additions*	236.27	236.27
Disposals/ Discard	-	-
Balance at 31 March 2018	**236.27**	**236.27**
Accumulated amortisation		
Balance at 1 April 2016	-	-
Amortisation for the year	-	-
Adjustments/ Disposals	-	-
Balance at 31 March 2017	-	-
Balance at 1 April 2017	-	-
Amortisation for the year	0.13	0.13
Adjustments/ Disposals	-	-
Balance at 31 March 2018	**0.13**	**0.13**
Carrying amounts (net)		
At 31 March 2017	-	-
At 31 March 2018	**236.14**	**236.14**

* Capitalised on 31 March 2018

7. Investments

See accounting policies in note 3(c)(i) - (ii), (c)(v) and (f)

A. Non-current investments

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Equity instruments carried at fair value through other comprehensive income (FVOCI)		
Quoted		
334,900 (31 March 2017: 334,900) equity shares of Himadri Credit & Finance Limited (face value - ₹ 10 each)	5,790.09	1,796.07
8,000 (31 March 2017: 8,000) equity shares of Transchem Limited (face value - ₹ 10 each)	2.60	1.80
	5,792.69	1,797.87
Unquoted		
720,000 (31 March 2017: 720,000) equity shares of Himadri Dyes & Intermediates Limited (face value - ₹ 10 each)	12,109.68	3,755.52
17,000 (31 March 2017: 17,000) equity shares of Himadri e-Carbon Limited (face value - ₹ 10 each)	1.52	1.56
493,300 (31 March 2017: 493,300) equity shares of Himadri Industries Limited (face value - ₹ 10 each)	9,419.07	3,102.36
	21,530.27	6,859.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Government securities (unquoted) carried at amortised cost		
Kisan Vikas Patra (Deposited with sales tax authorities)	**0.07**	0.07
Total	**27,323.03**	8,657.38
Aggregate book value of quoted investments	**5,792.69**	1,797.87
Aggregate market value of quoted investments	**5,792.69**	1,797.87
Aggregate value of unquoted investments	**21,530.34**	6,859.51

B. Current investments

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Mutual funds (quoted) carried at fair value through profit or loss		
Nil (31 March 2017: 187,180) units of UTI Banking & PSU Debt Fund - Direct Plan - Growth	-	25.08
39 (31 March 2017: 463) units of UTI-Floating Rate Fund - Direct - Growth	**1.14**	12.59
	1.14	37.67
Aggregate book value of quoted investments	**1.14**	22.76
Aggregate market value of quoted investments	**1.14**	37.67

Investments in mutual funds amounting to ₹ **Nil** (31 March 2017: ₹ 25.08 lakhs) are pledged with banks against various credit facilities availed by the Holding Company.

Information about the Group's exposure to fair value measurement, credit and market risk and are included in note 42 and note 43.

C. Equity shares designated at fair value though other comprehensive income (FVOCI)

As at 1 April 2016, the Group designated the investments shown below as equity instruments at FVOCI because these equity instruments represent investments that the Group intends to hold for long-term for strategic purposes.

Amount in ₹ Lakhs

	Fair value as at 31 March 2018	Dividend income recognised during 2017-18	Fair value as at 31 March 2017	Dividend income recognised during 2016-17	Fair value as at 31 March 2016
Investment in ACC Limited	-	**0.08**	-	0.22	17.60
Investment in Himadri Credit & Finance Limited	**5,790.09**	-	1,796.07	-	496.99
Investment in New Delhi Television Limited	-	-	-	-	1.49
Investment in Transchem Limited	**2.60**	-	1.80	-	1.40
Investment in Himadri Dyes & Intermediates Limited	**12,109.68**	-	3,755.52	-	1,437.84
Investment in Himadri e-Carbon Limited	**1.52**	-	1.56	-	1.56
Investment in Himadri Industries Limited	**9,419.07**	-	3,102.36	-	1,210.07
	27,322.96	**0.08**	8,657.31	0.22	3,166.95

Equity shares of ACC Limited and New Delhi Television Limited were sold for ₹ **Nil** (31 March 2017: ₹ 19.31 lakhs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

8. Trade receivables

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Secured		
- Considered good	**885.25**	294.01
Unsecured		
- Considered good	**27,093.39**	22,624.31
- Considered doubtful	**417.01**	417.01
	27,510.40	23,041.32
Less: Loss for allowances		
- Provision for doubtful debts	**417.01**	417.01
	27,093.39	22,624.31
Non-currenty	**798.79**	798.79
Current	**27,179.85**	22,119.53
	27,978.64	22,918.32

(a) For receivables secured against borrowings, refer note 19.

(b) Non-current trade receivables include an amount of ₹ **798.79 lakhs** (31 March 2017: ₹ 798.79 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 Holding Company.

(c) No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

(d) Information about the Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 43.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

9. Cash and cash equivalents

See accounting policy in note 3(r)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Cash on hand	**20.54**	17.05
Balances with banks		
- On current accounts	**1,450.85**	498.69
- On EEFC accounts	**78.02**	582.52
- On deposit account (with original maturities up to 3 months)	**440.01**	106.82
	1,989.42	1,205.08

10. Bank balances other than cash and cash equivalents

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Bank deposits due to mature after 3 months of original maturities but within 12 months of the reporting date	**1,401.03**	2,436.67
Fixed deposits held as margin money	**0.27**	0.27
Earmarked balances with banks for unpaid dividend accounts	**29.77**	29.12
	1,431.07	2,466.06

Details of balance with banks on deposit accounts

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Deposits due to mature within 3 months of the reporting date included under 'Cash and cash equivalents' (refer note 9)	**440.01**	106.82
Deposits due to mature after 3 months of original maturities but within 12 months of the reporting date included under 'Other bank balances' (refer note 10)	**1,401.03**	2,436.67
Deposits due to mature after 12 months of the reporting date included under 'Other financial assets - non-current' (refer note 12)	**2.99**	5.98
	1,844.03	2,549.47

Bank deposits ₹ **1,844.03 lakhs** (31 March 2017: ₹ 2,549.47 lakhs) have been pledged with the banks against various credit facilities availed by the Group.

11. Loans

(Unsecured, considered good)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Non-current		
Security and other deposits	**1,641.04**	1,874.11
Loan to employees	**30.00**	-
	1,671.04	1,874.11
Current		
Security and other deposits	**158.42**	308.05
Loan to employees	**158.01**	175.55
	316.43	483.60
	1,987.47	2,357.71

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

12. Other financial assets

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Non-current		
Bank deposits due to mature after 12 months of the reporting date	**2.99**	5.98
Interest accrued on fixed deposits	**0.05**	0.73
	3.04	6.71
Current		
To parties other than related parties		
Interest accrued on fixed deposits	**35.96**	90.03
Insurance claim receivable	**126.13**	173.94
Income tax refundable	**11.50**	6.08
Export incentive receivable	**20.42**	36.48
Government grants receivable	**557.06**	557.06
Other receivables	**47.72**	0.67
	798.79	864.26
	801.83	870.97

13. Non-current tax assets (net)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Advance income tax	**486.68**	409.72
[net of provision for income tax ₹ **7,370.43 lakhs** (31 March 2017: ₹ 4,725.98 lakhs)]		
	486.68	409.72

14. Other non-current assets

(Unsecured, considered good)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Capital advances	**1,947.94**	124.57
Advances other than capital advances		
- Deposit against demands in dispute	**768.24**	343.95
Other advances		
- Prepaid expenses	**2,601.66**	2,247.73
	5,317.84	2,716.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

15. Inventories

(Valued at the lower of cost and net realisable value)

See accounting policy in note 3(i)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Raw materials [including goods-in-transit ₹ **2,483.64 lakhs** (31 March 2017: ₹ 3,433.52 lakhs)]	**16,467.78**	15,454.06
Work-in-progress	**8,811.51**	8,213.90
Finished goods	**14,017.92**	13,757.94
Packing materials	**246.71**	223.47
Stores and spares	**2,467.78**	1,940.03
	42,011.70	39,589.40

Carrying amount of inventories pledged as securities for borrowings, refer note 19.

16. Other current assets

(Unsecured considered good unless otherwise stated)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
To parties other than related parties		
Advances for supplies		
Unsecured, considered good	**9,594.59**	8,062.92
Unsecured, considered doubtful	**46.76**	46.76
	9,641.35	8,109.68
Less: Provision for doubtful advances	**46.76**	46.76
	9,594.59	8,062.92
Others		
Balance with goods and service tax authorities	**1,941.18**	-
Balance with excise authorities	**-**	2,013.52
Sales tax deposit and VAT receivable	**304.82**	635.73
Other receivables	**435.27**	560.53
	12,275.86	11,272.70

Advances for supplies includes ₹ **1086.76 lakhs** (31 March 2017: ₹ 833.93 lakhs) as advance given in earlier years 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 Holding Company.

Other receivables includes prepaid expenses and advance for expenses.

17. Equity share capital

See accounting policy in note 3(p)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Authorised		
700,000,000 (31 March 2017: 700,000,000) equity shares of ₹ 1 each	**7,000.00**	7,000.00
Issued, subscribed and fully paid-up		
418,407,867 (31 March 2017: 418,407,867) equity shares of ₹ 1 each	**4,184.08**	4,184.08
	4,184.08	4,184.08

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

A. Reconciliation of equity shares (ordinary shares) outstanding at the beginning and at the end of the reporting year

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	Number	**Amount**	Number	Amount
At the commencement of the year	**418,407,867**	**4,184.08**	418,407,867	4,184.08
Add: Issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**418,407,867**	**4,184.08**	418,407,867	4,184.08

B. Rights, preferences and restrictions attached to equity shares

The Holding 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 Holding Company's residual assets on winding up. The equity shareholders are entitled to receive dividend as declared by the Holding 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 Holding Company.

On winding up of the Holding Company, the holders of equity shares will be entitled to receive the residual assets of the Holding Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

C. Employee stock option

See accounting policy in note 3(g)(ii).

The terms attached to stock options granted to employees are described in note 39 regarding share based payment.

D. Shares held by upstream associates (shareholders of the Holding Company) having significant influence over the Holding Company

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	Number	**Amount**	Number	Amount
BC India Investments	**103,178,860**	**1,031.79**	103,178,860	1,031.79
Himadri Dyes & Intermediates Limited	**98,284,310**	**982.84**	98,284,310	982.84

E. Particulars of shareholders holding more than 5% shares of fully paid up equity shares

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	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	24.66%
Himadri Dyes & Intermediates Limited	**98,284,310**	**23.49%**	98,284,310	23.49%
Himadri Industries Limited	**46,140,000**	**11.03%**	46,140,000	11.03%
Himadri Coke & Petro Limited	**38,175,297**	**9.12%**	38,175,297	9.12%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

F. Shares reserved for issue under options

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	Number	**Amount**	Number	Amount
Under Employee Stock Option Plan, 2016 (ESOP 2016): **1,281,100** (31 March 2017: 1,304,600) equity shares of ₹ 1 each, at an exercise price of ₹ 19 per share (see note 39)	**1,281,100**	**12.81**	1,304,600	13.05

G. Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the year ended 31 March 2016, 32,675,297 equity shares of ₹ 1 each have been allotted as fully paid up pursuant to conversion of Deep Discount Debentures (DDD) 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) on 25 March 2016 to Himadri Coke & Petro Limited, a related party, on preferential basis for consideration other than cash.

18. Other equity

Amount in ₹ Lakhs

Components	**Note**	**1 April 2017**	**Movement during the year (net)**	**31 March 2018**	1 April 2016	Movement during the year (net)	31 March 2017
Capital reserve	a	**1,280.50**	**-**	**1,280.50**	1,280.50	-	1,280.50
Security premium reserve	b	**45,365.53**	**-**	**45,365.53**	45,365.53	-	45,365.53
Debenture redemption reserve	c	**4,214.27**	**(1,321.44)**	**2,892.83**	3,535.71	678.56	4,214.27
General reserve	d	**13,669.94**	**1,750.00**	**15,419.94**	13,669.94	-	13,669.94
Share option outstanding reserve	e	**25.40**	**103.79**	**129.19**	-	25.40	25.40
Retained earnings	f	**29,713.22**	**23,800.51**	**53,513.73**	22,377.69	7,335.53	29,713.22
Effective portion of cash flow hedge	g	**(184.69)**	**184.69**	**-**	(2,511.28)	2,326.59	(184.69)
Exchange differences in translating financial statements of foreign operations	h	**(1,006.51)**	**143.96**	**(862.55)**	(271.69)	(734.82)	(1,006.51)
Equity instruments through OCI	i	**5,748.67**	**13,794.02**	**19,542.69**	239.00	5,509.67	5,748.67
		98,826.33	**38,455.53**	**137,281.86**	83,685.40	15,140.93	98,826.33

The description, nature and purpose of each reserve within equity are as follows:

(a) Capital reserve: Capital reserve represents profit or loss on purchase, sale, issue or cancellation of the Holding Company's own equity instruments.

(b) Security premium reserve: Security premium reserve is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(c) Debenture redemption reserve (DRR): The Group has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (amended), requires the Group to create DRR out of profits of the Group available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued.

The movement is on account of following:

(i) On redemption of 9.6% redeemable non-convertible debentures, ₹ **1,750 lakhs** (31 March 2017: ₹ Nil) lying in DRR was transferred to General reserve. The Group has complied with requisite provisions of the Act, as applicable.

(ii) ₹ **428.56 lakhs** (31 March 2017: ₹ 678.56 lakhs) was transferred from Retained earnings to DRR for the purpose of redemption of debentures.

(d) General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

On redemption of 9.6% redeemable non-convertible debentures, ₹ **1,750 lakhs** (31 March 2017: ₹ Nil) lying in Debenture redemption reserve was transferred to General reserve.

(e) Share option outstanding reserve: The Company has a stock option scheme under which options to subscribe for the Company's share have been granted to certain executives and senior employees. The share option outstanding reserve is used to recognise the value of equity-settled share based payments provided to employees, including certain key management personnel, as part of their remuneration. Refer note 39 for further details of these plans.

(f) Retained earnings

It comprise of accumulated profit/ (loss) of the Group. The movement is on account of following:

(i) ₹ **24,746.24 lakhs** (31 March 2017: ₹ 8,277.57 lakhs) was on account of profit incurred by the Group.

(ii) ₹ **428.56 lakhs** (31 March 2017: ₹ 678.56 lakhs) was transferred to debenture redemption reserve for the purpose of redemption of debentures.

(iii) ₹ **13.58 lakhs** (31 March 2017: ₹ 11.69 lakhs) was on account of remeasurement of defined benefit liability/ asset.

(iv) ₹ **503.59 lakhs** (31 March 2017: ₹ 251.79) was on account of dividend distribution (inclusive of dividend distribution tax).

(g) Effective portion of cash flow hedge: This comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not matured.

(h) Exchange differences in translating financial statements of foreign operations: This reserve has been created for exchange veriation in opening equity share capital and other equity of AAT Global Limited and Shandong Dawn Himadri Chemical Industry Limited.

(i) Equity instruments through OCI: The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the equity instruments through OCI shown under the head other equity. The Group transfers amounts therefrom to retained earnings when the relevant equity securities are derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

19. Borrowings

See accounting policy in note 3(b) and (c)(i) - (ii)

Amount in ₹ Lakhs

	Interest	Maturity	31 March 2018	31 March 2017
Non-current borrowings				
500 (31 March 2017: 500) 12.50% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured)	12.50%	2020-2021	**5,000.00**	5,000.00
2,500,000 (31 March 2017: 2,500,000) 10% Redeemable non-convertible debentures of ₹ 400 each (secured)	10.00%	2020-2021	**10,000.00**	10,000.00
Nil (31 March 2017: 1,000) 9.60% Redeemable non-convertible debentures of ₹ 1,000,000 each (secured)			**-**	9,990.43
			15,000.00	24,990.43
Term loans				
Rupee term loan (secured)	refer note (b) below			
From banks			**13,106.76**	12,017.61
Foreign currency loans (secured)	refer note (b) below			
From banks			**1,324.37**	1,733.04
From others			**-**	2,640.66
			14,431.13	16,391.31
Loan against vehicles and equipment (secured)	8.3%-11%	2017-2020	**161.77**	100.16
Deferred payment liabilities				
Sales tax deferment (unsecured)			**-**	61.42
			29,592.90	41,543.32
Less: Current maturities of long-term debt (refer note 22)			**6,473.72**	2,840.20
			23,119.18	38,703.12
Current borrowings				
Secured				
From banks (Repayable on demand)				
Rupee loans			**3,554.62**	10,389.48
Foreign currency loans			**19,402.29**	19,485.92
			22,956.91	29,875.40
From others				
Rupee loan			**1,500.00**	1,666.88
Unsecured				
From banks (Repayable on demand)				
Rupee loans			**9,587.02**	4,273.30
Foreign currency loans			**2,378.60**	-
From others (Rupee loan repayable on demand)			**-**	1,646.35
			36,422.53	35,815.58

Information about the Group's exposure to interest rate, currency and liquidity risks related to borrowings is disclosed in note 43.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

A. Terms of repayment/ conversion/ redemption

(a) Bonds and Debentures

(i) The Holding Company, on 29 October 2013, had issued 500 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.

(ii) The Holding Company, on 24 August 2010, had issued 2,500,000 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.

(iii) The Holding Company, on 28 June 2010, had issued 1,000 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. During the current year, the debenture holder has exercised its put option of redemption and accordingly these non-convertible debentures were redeemed on 28 June 2017.

(b) Term loans

Amount in ₹ Lakhs

Name of the lender	Interest	Repayment schedule	31 March 2018	31 March 2017
(i) Rupee term loans				
Axis Bank Limited [₹ **1,950.00 lakhs** (31 March 2017: ₹ 7,050.00 lakhs)]	6 Month MCLR + 1.70%	Repayable in April 2018	**1,950.00**	7,050.00
Axis Bank Limited [₹ **8,334.00 lakhs** (31 March 2017: ₹ Nil)]	6 Month MCLR + 0.35%	Repayable at quarterly rest: 8 of ₹ 833.00 10 of ₹ 167.00	**8,311.16**	-
IDFC Bank [₹ **2,850.00 lakhs** (31 March 2017: ₹ Nil)]	12 Month MCLR + 0.15%	Repayable at quarterly rest: 19 of ₹ 150.00	**2,845.60**	-
State Bank of India [₹ **Nil** (31 March 2017: ₹ 4,967.61)]			**-**	4,967.61
(ii) Foreign currency term loans				
ICICI Bank Limited [**JPY 2,152.78 lakhs** (31 March 2017: JPY 3,013.89 lakhs)]	6 Month JPY Libor + 2.00%	JPY 430.56 - repayable in 5 half yearly rest	**1,324.82**	1,733.04
International Finance Corporation [**USD Nil** (31 March 2017: USD 15.00 lakhs)]			**-**	971.09
DEG- Deutsche Investitionsund Entwicklungsgesellschaft MBH [**USD Nil** (31 March 2017: USD 26.25 lakhs)]			**-**	1,669.57

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

(iii) The Holding 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 Holding Company has made repayment of ₹ **61.42 lakhs** (31 March 2017: ₹ 102.46 lakhs).

(iv) 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% and 10% Redeemable non-convertible debentures issued to Life Insurance Corporation of India, aggregating to ₹ 15,000 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 property, plant and equipment (including plant and equipment) of the Company in favour of Axis Trustee Services Limited, being the trustee of the debenture holders.

(ii) Rupee term loans from Axis Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of all movable property, plant and equipment on pari passu basis with other lenders.

Rupee term loans from IDFC Bank Limited is secured by way of mortgage of immovable properties situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit and hypothecation of movable property, plant and equipment situated at Mahistikry Unit (Leasehold Land), Liluah Unit, and Vishakhapatnam Unit on pari passu basis with other lenders.

Further rupee term loan from State Bank of India being personally guaranteed by the promoter directors of the Company.

(iii) Foreign currency borrowings from ICICI Bank Limited is secured by way of mortgage of immovable properties (Leasehold Land) and hypothecation of movable property, plant and equipment situated at Mahistikry on pari passu basis with other secured lenders.

(iv) Loans against vehicles and equipment are secured by way of hypothecation of the underlying asset financed.

(v) Working capital loans from banks aggregating to ₹ **22,956.91 lakhs** (31 March 2017: ₹ 29,595.64 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 ₹ **12,848.15 lakhs** (31 March 2017: ₹ 2,655.47 lakhs) is also secured by subservient charge on moveable property, plant and equipment of the Holding Company. These loans include ₹ **1.90 lakhs** (31 March 2017: ₹ 1,038.19 lakhs), being personally guaranteed by the promoter directors of the Holding Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

20. Trade payables

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Dues to micro enterprises and small enterprises (to the extent identified with available information) (refer note 49)	**200.58**	187.69
Trade payables (other than micro enterprises and small enterprises)	**14,422.91**	17,641.74
	14,623.49	17,829.43
Non-current	**-**	-
Current	**14,623.49**	17,829.43
	14,623.49	17,829.43

Informaton about the Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 43.

21. Derivatives

See accounting policy in note 3(c)(v)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Foreign exchange forward/ interest rate swap contracts used for hedging	**-**	184.69
Other foreign exchange forward/ interest rate swap/ option contracts	**769.56**	5,292.03
	769.56	5,476.72
Non-current	**583.65**	882.32
Current	**185.91**	4,594.40
	769.56	5,476.72

Information about the Group's exposure to interest rate and currency risks related to derivatives is disclosed in note 43.

22. Other financial liabilities

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Non-current		
Other payables	**25.77**	25.77
	25.77	25.77
Current		
Current maturities of long-term debts (refer note 19)	**6,473.72**	2,840.20
Interest accrued	**699.06**	615.34
Unclaimed dividend	**29.77**	29.12
Liability for capital goods	**260.58**	139.33
Other payables	**196.42**	358.67
	7,659.55	3,982.66

(a) There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March 2018.

(b) Other payables includes amount due towards Employee benefits expense and Security deposits.

(c) Information about the Group's exposure to currency and liquidity risks related to the above financial liabilities is disclosed in note 43.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

23. Other current liabilities

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Statutory dues	**2,227.54**	2,702.53
Advance from customers	**5,253.27**	2,045.58
	7,480.81	4,748.11

24. Provisions

See accounting policies in note 3(g) and (h)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Provisions for employee benefits		
Net defined benefit liability - Gratuity (refer note 38)	**176.80**	100.44
Liability for compensated absences	**40.24**	18.19
Total provisions for employee benefits (A)	**217.04**	118.63
Other provisions		
Provision for litigation		
Balance at the beginning of the year	**78.42**	78.42
Provisions made during the year	**-**	-
Provision reversed/ utilised	**-**	-
Balance at the end of the year	**78.42**	78.42
Total other provisions (B)	**78.42**	78.42
Total provisions (A+B)	**295.46**	197.05
Non-current	**255.22**	178.86
Current	**40.24**	18.19
	295.46	197.05

Movement of provision for litigation during the year as required by Ind AS 37: "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, 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 of ₹ **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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

25. Current tax liabilities (net)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Income tax liabilities	**80.71**	309.01
[net of advance tax ₹ **7,531.30 lakhs** (31 March 2017: ₹ 2,335.44 lakhs)]		
	80.71	309.01

26. Revenue from operations

See accounting policies in note 3(j) and (k)

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products (including excise duty) (A) *	**207,137.63**	148,440.80
Other operating revenue		
- Government grants (refer note 45)	**-**	557.06
- Export incentives	**47.05**	10.96
Total other operating revenue (B)	**47.05**	568.02
Total revenue from operations (A+B)	**207,184.68**	149,008.82

* Upto 30 June 2017, Revenue from operations are gross of excise duty. Effective 1 July 2017, Revenue from operations are disclosed net of Goods and Service Tax. Accordingly, the figures for the previous year is not comparable.

27. Other income

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest Income under the effective interest method on:		
- Interest on fixed deposits with banks	**101.82**	190.99
- Unwinding of discount on security deposits and others	**227.27**	166.63
Dividend income on equity securities at FVOCI	**0.08**	0.22
Gain on sale of current investments at FVTPL	**12.20**	29.57
Insurance claims	**112.46**	27.94
Net foreign exchange gain	**676.49**	-
Net gain on sale of property, plant and equipment	**-**	39.21
Gain on fair valuation of investments at FVTPL	**0.63**	65.56
Miscellaneous income	**95.00**	63.58
	1,225.95	583.70

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

28. Cost of materials consumed

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Inventory of raw materials at the beginning of the year	**15,454.06**	7,172.13
Add: Purchases	**138,372.54**	95,752.25
	153,826.60	102,924.38
Less: Inventory of raw materials at the end of the year	**16,467.78**	15,454.06
Foreign currency translation impact on movement in raw materials	**11.50**	(11.34)
Cost of materials consumed	**137,370.32**	87,458.98

29. Change in inventories of finished goods and work-in-progress

See accounting policy in note 3(i)

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Opening inventories		
Finished goods	**13,757.94**	13,958.42
Work-in-progress	**8,213.90**	8,726.72
	21,971.84	22,685.14
Closing inventories		
Finished goods	**14,017.92**	13,757.94
Work-in-progress	**8,811.51**	8,213.90
	22,829.43	21,971.84
Foreign currency translation impact on movement in finished goods and work-in-progress	**12.29**	(10.21)
	(845.30)	703.09

30. Employee benefits expense

See accounting policy in note 3(g)

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries, wages and bonus	**4,053.99**	3,185.80
Contribution to provident and other funds	**212.88**	166.32
Gratuity (refer note 38)	**85.59**	28.80
Share based payments- Equity settled (refer note 39)	**103.79**	25.40
Staff welfare expenses	**382.91**	324.22
	4,839.16	3,730.54

Salaries, wages and bonus includes ₹ **267.00 lakhs** (31 March 2017: ₹ 256.35 lakhs) relating to outsource manpower cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

31. Finance costs

See accounting policy in note 3(o)

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on financial liabilities measured at amortised cost	**6,222.23**	7,512.44
Exchange difference regarded as an adjustment to borrowing costs	**420.20**	75.05
Other borrowing costs	**402.44**	570.25
	7,044.87	8,157.74

32. Other expenses

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Consumption of stores and spares	**335.79**	358.23
Power and fuel *	**1,201.10**	1,134.96
Excise duty related to increase/ (decrease) in inventory of finished goods	**(1,827.07)**	(166.99)
Rent	**476.76**	496.55
Rates and taxes	**129.25**	562.72
Repairs to *:		
- Building	**51.98**	63.23
- Plant and equipment	**1,549.62**	1,457.73
- Others	**468.19**	379.69
Payment to auditor's	**76.11**	54.54
Rebates and discounts	**275.41**	238.80
Insurance	**143.54**	178.32
Packing expenses	**1,543.27**	1,426.72
Freight and forwarding expenses	**6,441.29**	6,407.14
Commission on sales	**1,030.86**	934.55
Net foreign exchange loss	**-**	2,812.33
Expenditure on corporate social responsibility [refer note (a) below]	**33.03**	14.70
Miscellaneous expenses	**3,617.73**	2,736.02
	15,546.86	19,089.24
* includes stores and spares consumed.	**1,766.12**	1,275.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(a) Details of expenditure on corporate social responsibility (CSR)

As per Section 135 of the Act, a Company meeting the applicability threshold, is required to spend at least 2% of its average net profit for the immediate preceeding three financial years on CSR activities. The area of CSR activity are eradicating hunger, poverty and malnutrition, promoting education, promoting healthcare including preventive healthcare. A CSR committee has been formed by the Holding Company as per the Act.

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
(a) Amount required to be spent by the Holding Company during the year	**57.34**	-
(b) Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	**-**	-
(ii) On purposes other than (i) above	**33.03**	14.70
	33.03	14.70

33. Income taxes

See accounting policy in note 3(n)

Amount in ₹ Lakhs

		31 March 2018	31 March 2017
A. Amount recognised in profit or loss			
Current tax			
Current period		**7,612.00**	2,644.45
	(a)	**7,612.00**	2,644.45
Deferred tax charge			
Attributable to-			
Origination and reversal of temporary differences		**3,725.16**	1,578.31
	(b)	**3,725.16**	1,578.31
Tax expense reported in the Consolidated Statement of Profit and Loss [(a)+(b)]		**11,337.16**	4,222.76

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
B. Income tax recognised in OCI		
Deferred tax related to items recognised in OCI during the year		
Tax income on net loss on remeasurements of defined benefit plans	**(7.20)**	6.19
Tax income on net gain on change in fair value of equity instruments	**4,871.63**	-
Tax expense reported in the Consolidated Statement of Profit and Loss	**4,864.43**	6.19

Amount in ₹ Lakhs

	Percentage	Amount
C. Reconciliation of effective tax rate for the year ended 31 March 2018		
Profit before tax		**36,096.92**
Tax using the Indian tax rate	**34.61%**	**12,492.42**
Effects of the amount which are not deductible in calculating taxable income		
Non - deductible expenses for tax purposes	**0.28%**	**102.34**
Tax exempt income/ Additional deduction as per income tax	**(3.48%)**	**(1,257.60)**
Effective tax rate	**31.41%**	**11,337.16**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	Percentage	Amount
Reconciliation of effective tax rate for the year ended 31 March 2017		
Profit before tax		12,466.58
Tax using the Indian tax rate	34.26%	4,270.67
Effects of the amount which are not deductible in calculating taxable income		
Non - deductible expenses for tax purposes	0.63%	79.06
Tax exempt income / Additional deduction as per income tax	(1.02%)	(126.97)
Effective tax rate	33.87%	4,222.76

D. Recognised deferred tax assets and liabilities

Amount in ₹ Lakhs

	Balance as on 1 April 2017	(Charged) / credited to profit or loss	Charged / (credited) to OCI	Balance as on 31 March 2018
Property, plant and equipment	**20,514.43**	**1,443.39**	**-**	**21,957.82**
Trade receivables	**(144.08)**	**(3.73)**	**-**	**(147.81)**
Loans	**(78.80)**	**29.29**	**-**	**(49.51)**
Other assets	**(16.18)**	**-**	**-**	**(16.18)**
Borrowings	**(203.76)**	**10.67**	**-**	**(193.09)**
Other financial liabilities	**(1,958.99)**	**1,410.56**	**-**	**(548.43)**
Share based payments-Equity settled	**-**	**(37.38)**	**-**	**(37.38)**
Provisions	**(35.31)**	**(61.19)**	**(7.19)**	**(103.69)**
MAT credit entitlement	**(7,853.02)**	**(7,609.88)**		**(15,462.90)**
Fair valuation of Investments	**-**	**-**	**4,871.62**	**4,871.62**
Tax losses carried forward	**(9,103.04)**	**8,543.43**	**-**	**(559.61)**
Net deferred tax liabilities	**1,121.25**	**3,725.16**	**4,864.43**	**9,710.84**
Disclosed as				
Deferred tax assets	**(7,853.02)**			**(15,462.90)**
Deferred tax liabilities (net)	**8,974.27**			**25,173.74**
	1,121.25			**9,710.84**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	Balance as on 1 April 2016	(Charged) / credited to profit or loss	Charged / (credited) to OCI	Balance as on 31 March 2017
Property, plant and equipment	18,736.42	1,778.01	-	20,514.43
Trade receivables	(147.81)	3.73	-	(144.08)
Loans	(49.51)	(29.29)	-	(78.80)
Other assets	(16.18)	-	-	(16.18)
Borrowings	(215.56)	11.80	-	(203.76)
Other financial liabilities	(2,032.22)	73.23	-	(1,958.99)
Share based payments-Equity settled	-	-	-	-
Provisions	(29.12)	-	(6.19)	(35.31)
MAT credit entitlements	(5,208.57)	(2,644.45)	-	(7,853.02)
Fair valuation of Investments	-	-	-	-
Tax losses carried forward	(11,488.32)	2,385.28	-	(9,103.04)
Net deferred tax liabilities	(450.87)	1,578.31	(6.19)	1,121.25
Disclosed as				
Deferred tax assets	(5,208.57)			(7,853.02)
Deferred tax liabilities (net)	4,757.70			8,974.27
	(450.87)			1,121.25

34. Earnings per share (EPS)

See accounting policy in note 3(t)

A. Basic earnings per share

The calculations of profit attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings per share calculation are as follows:

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Profit attributable to equity shareholders (basic)		
Profit for the year, attributable to the equity holders	**24,759.76**	8,277.57
(ii) Weighted average number of equity shares (basic)		
At the beginning of the year	**418,407,867**	418,407,867
Impact of new issue of equity shares	**-**	-
Weighted average number of equity shares (basic) for the year	**418,407,867**	418,407,867
Basic earnings per share [(i)/ (ii)]	**5.92**	1.98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

B. Diluted earnings per share

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Profit attributable to equity shareholders (diluted)		
Profit for the year, attributable to the equity shareholders (diluted)	**24,759.76**	8,277.57
(ii) Weighted average number of equity shares (diluted)		
Weighted average number of equity shares (basic)	**418,407,867**	418,407,867
Effect of Potential equity shares to be issued	**-**	-
Weighted average number of equity shares (diluted) for the year	**418,407,867**	418,407,867
Diluted earnings per share [(i)/ (ii)]	**5.92**	1.98

1,281,100 (31 March 2017: 1,304,600) number of employee stock options has an anti dilutive effect.

35. Contingent liability and commitments

(to the extent not provided for)

Amount in ₹ Lakhs

Particulars	**31 March 2018**	31 March 2017
a) Claim against the Company not acknowledged as debt		
(i) Sales tax/VAT matters in dispute/ under appeal	**4,230.80**	3,100.36
(ii) Excise/ Service Tax matters in dispute/under appeal	**2,960.91**	1,228.00
(iii) Custom duty matter in dispute/ under appeal	**491.76**	28.83
(iv) Entry tax in dispute/ under appeal - West Bengal	**4,317.89**	3,427.55
(v) Entry tax in dispute/ under appeal - Chhattisgarh	**465.71**	426.65
(vi) Income tax in dispute/ under appeal	**633.81**	633.81
(vii) Others	**266.71**	-
b) Capital and other commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**24,573.37**	1,092.40
(ii) Estimated amount of export obligations to be fulfilled in respect of goods imported under advance license/ Export Promotion Capital Goods Scheme (EPCG)	**6,768.62**	4,371.37
c) Guarantee outstanding		
Standby letter of credit issued on behalf of the Holding Company to secure the financial assistance to its subsidiary	**-**	1,945.16

Note:

(i) Cash outflows for the above are determinable only on receipt of judgments pending at various forums/ authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

(ii) The Holding Company had filed Writ petition on 7 January 2013 before the Hon'ble High Court of Calcutta and challenged 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.

(iii) The Holding Company had issued corporate guarantee in favour of banker on behalf of its one step down subsidiary - AAT Global Limited for the purpose of availing working capital loan. This corporate guarantee was issued in USD.

(iv) A search u/s 132 of the Income Tax Act, 1961("the Act") was conducted by the Income Tax Department at all the premises/factories of the Holding Company during the previous year ended 31 March 2017. As per the applicable provisions of the Act, the Income Tax Department will reassess the taxable income of the Holding Company for the Assessment year 2011 -12 to 2016-17 by issuing notice u/s 153A of the Act. Notice has been received by the Holding Company on 20 April 2017 and the Holding Company filed all returns u/s 153A of the Act declaring the same income and income tax liability as was declared in the original return filed u/s 139(1). The management as per internal assessment and based on independent legal opinion, does not foresee any material financial liability on this account.

36. Operating leases

See accounting policy in note 3(l)

(a) Future minimum lease rentals payable under non cancellable operating lease

The Group has taken certain commercial premises under non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Not later than one year	**9.22**	1.92
Later than one year and not later than five years	**36.86**	7.68
More than five years	**86.18**	16.96

(b) 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 ₹ **167.50 lakhs** (31 March 2017: ₹ 187.34 lakhs) has been included as rent in note 32 'Other expenses'.

37. Research and development expenses

See accounting policy in note 3(e)

Research and development expenses aggregating to ₹ **326.22 lakhs** (31 March 2017: ₹ 257.44 lakhs) in the nature of revenue expenditure and ₹ **191.89 lakhs** (31 March 2017: ₹ 94.56) in the nature of capital expenditure have been included under the relevant account heads.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

38. Assets and Liabilities relating to employee benefits

See accounting policy in note 3(g)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Statement of Assets and Liabilities for defined benefit obligation		
Net defined benefit asset - Gratuity Plan	**159.78**	127.02
Net defined benefit obligation - Gratuity Plan	**(336.58)**	(227.46)
Total employee benefit liabilities	**(176.80)**	(100.44)
Non-current	**(176.80)**	(100.44)
Current		

For details about the related employee benefit expenses, refer note 30.

Defined contribution

The expense for defined contribution plans amounted to ₹ **168.64 lakhs** (31 march 2017: ₹ 133.39 lakhs). Out of these, ₹ **125.71 lakhs** (31 March 2017: ₹ 103.30 lakhs) pertains to provident fund plan and ₹ **42.93 lakhs** (31 March 2017: ₹ 30.09 lakhs) pertains to superannuation fund plan.

Defined benefits - Gratuity

The Holding Company gratuity benefit scheme for its employees in India is a defined benefit plan (funded).

The Holding Company provides for gratuity from employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Holding Company makes contributions to recognised funds in India. The Holding Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimation of expected gratuity payments.

Inherent risk

The plan is defined benefit in nature which is sponsored by the Holding Company and hence it underwrites all the risk pertaining to the plan. In particular, this exposes the Holding Company, to actuarial risk such as adverse salary growth, change in demographic experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to longevity risk.

These defined benefit plans expose the Holding Company to actuarial risks, such as interest rate risk, demographic risk, salary inflation risk and market (investment) risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Reconciliation of the net defined benefit (asset)/ liability:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
(i) Reconciliation of present value of defined benefit obligation		
(a) Balance at the beginning of the year	**227.46**	178.35
(b) Current service cost	**31.15**	23.63
(c) Past service cost - plan amendments	**48.21**	
(d) Interest cost	**16.43**	13.99
(e) Actuarial (gains)/ losses recognised in OCI	**17.99**	18.46
(f) Benefits paid	**(4.66)**	(6.97)
Balance at the end of the year	**336.58**	227.46
(ii) Reconciliation of present value of plan assets		
(a) Balance at the beginning of the year	**127.02**	102.92
(b) Interest income	**10.20**	8.82
(c) Actual return on plan asset less interest on plan asset	**(2.78)**	0.58
(d) Contributions by the employer	**30.00**	21.67
(e) Benefits paid	**(4.66)**	(6.97)
Balance at the end of the year	**159.78**	127.02
(iii) Net asset/ (liability) recognised in the Consolidated Balance Sheet		
(a) Present value of defined benefit obligation	**(336.58)**	(227.46)
(b) Fair value of plan assets	**159.78**	127.02
Net defined benefit obligations in the Consolidated Balance Sheet	**(176.80)**	(100.44)
(iv) Expense recognised in Consolidated Profit or Loss		
(a) Current service cost	**31.15**	23.63
(b) Past service cost - plan amendments	**48.21**	
(c) Interest cost	**16.43**	13.99
(d) Expected return on plan assets	**(10.20)**	(8.82)
Amount charged to Consolidated Profit or Loss	**85.59**	28.80
(v) Remeasurements recognised in Consolidated OCI		
(a) Actuarial loss/ (gain) arising on defined benefit obligation from		
- financial assumptions	**(11.17)**	16.43
- experience adjustment	**29.16**	2.03
(b) Actual return on plan asset less interest on plan asset	**2.78**	(0.58)
Amount recognised in Consolidated OCI	**20.77**	17.88
(vi) Sensitivity analysis		
Defined benefit obligation on discount rate plus 100 basis points (31 March 2017: 50 basis point)	**(28.33)**	(11.94)
Defined benefit obligation on salary growth rate plus 100 basis points (31 March 2017: 50 basis point)	**30.05**	11.92
Defined benefit obligation on discount rate minus 100 basis points (31 March 2017: 50 basis point)	**33.88**	13.10
Defined benefit obligation on salary growth rate minus 100 basis points (31 March 2017: 50 basis point)	**(25.71)**	(11.10)
(vii) Actuarial assumptions		
Principal actuarial assumptions at the reporting date (expressed as weighted averages)		
Discount rate	**7.70%**	7.30%
Expected rate of salary increase	**6.00%**	6.00%
Retirement age (years)	**60**	60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Attrition rate based on different age group of employees		
ages from 20-25	**5%**	5%
ages from 25-30	**3%**	3%
ages from 30-35	**2%**	2%
ages from 35-50	**1%**	1%
ages from 50-55	**2%**	2%
ages from 55-58	**3%**	3%
Assumptions regarding future mortality experience are set in accordance with the published rates under Indian Assured Lives Mortality (2006-08).		
(viii) Maturity Profile of defined benefit obligation		
Within next 12 months	**92.97**	36.18
1-2 year	**9.64**	10.97
2-3 year	**17.14**	8.37
3-4 year	**16.70**	16.04
4-5 year	**14.35**	17.29
Thereafter	**151.60**	114.24
(ix) Weighted average duration of defined benefit obligation		
(x) The Holding Company expects to pay ₹ **176.80 lakhs** in contribution to its defined benefit plans during the year 2018-19.		

39. Share based payments

See accounting policy in note 3(g)(ii)

A. Description of share-based payment arrangement

At 31 March 2018, the Group has the following share based payment arrangement:

Himadri Employees Stock Option Plan 2016 (equity-settled)

The Holding Company at its 28th Annual General Meeting held on 24 September 2016, has approved "Himadri Employees Stock Option Plan 2016" (ESOP 2016 or Plan) for granting 4,000,000 Employees Stock Options to certain "eligible employees". The plan is administered by the Nomination and Remuneration Committee of the Board ("Committee") in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of the Companies Act. 2013 for the time being in force. The Committee has granted 1,304,600 options to its employees on 5 January 2017 under the approved ESOP 2016 Plan to be exercised at a price of ₹ 19 per share. The options are vested after 1 year but not later than 5 years from the date of grant of options, and the said options can be exercised any time within a period of 5 years from the date of vesting and will be settled by way of equity shares in accordance with the aforesaid plan. The quantum of options to be vested periodically are specified in grant letters issued to each employees. The key terms and conditions related to the grants under this plan are as follows; all options are to be settled by the delivery of shares.

Grant date/ employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Option granted to certain eligible employees including certain key management personnel on 5 January 2017	1,304,600	Time basis, Company performance and individual performance as specified in the grant letter	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

B. Measurement of fair values

Equity-settled share based payment arrangements

The fair value of employee share options, see (A) above, has been measured using Black Scholes Merton Model.

The fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plan are as follows:

Particulars	ESOP 2016 (see A above) 31 March 2018	31 March 2017
Fair value at grant date	**₹ 24.94**	₹ 24.94
Share price at grant date	**₹ 36.70**	₹ 36.70
Exercise price	**₹ 19.00**	₹ 19.00
Expected volatility* (weighted average volatility)	**57.57%**	57.57%
Expected life (expected weighted average life)	**4.39 years**	4.39 years
Expected dividends**	**0.27%**	0.27%
Risk-free interest rate (based on government bonds)	**6.48%**	6.48%

Expected volatility has been based on an evaluation of the historical volatility of the Holding Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behavior.

Expected life of the Options has been calculated on the assumption that options would exercise within one year from the date of vesting.

The fair value of option on the date of grant have been done by an independent valuer appointed by the management using the Black Scholes Merton Model.

Weighted Average Fair value of the options granted during the year is ₹ **Nil** (31 March 2017: ₹ 325.40 lakhs).

* Expected volatility on the Holding Company's stock price on National Stock Exchange based on the data commensurate with the expected life of the options up to the date of grant.

** Expected dividend on underlying shares is taken as 10% on market price as on the date of grant.

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share option under the share option plan (see A above) are as follows.

Particulars	**Weighted average exercise price per option 31 March 2018**	**Number of options 31 March 2018**	Weighted average exercise price per option 31 March 2017	Number of options 31 March 2017
Outstanding at 1 April	**₹ 19.00**	**1,304,600**	-	-
Granted during the period	**-**	**-**	₹ 19.00	1,304,600
Forfeited during the period	**₹ 19.00**	**23,500**	-	-
Exercised during the period	**-**	**-**	-	-
Outstanding at 31 March	**₹ 19.00**	**1,281,100**	₹ 19.00	1,304,600
Exercisable at 31 March	**-**	**-**	-	-

The options outstanding at 31 March 2018 have an exercise price of ₹ **19** (31 March 2017: ₹ 19) per share and a weighted average remaining contractual life of **3.39 years** (31 March 2017: 4.39 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

D. Expense recognised in Consolidated Statement of Profit and Loss

During the year ended 31 March 2018, the Group has charged ₹ **103.79 lakhs** (31 March 2017: ₹ 25.40 lakhs) as share based payment equity-settled expenses and the first vesting date is 31 August 2018, refer note 30.

E. Details of the Liabilities arising the share based payment were as follows:

Amount in ₹ Lakhs

Particulars	31 March 2018	31 March 2017
Total carrying amount	**129.19**	25.40

40. Related party disclosure

A. List of related parties

i) Key Management Personnel (KMP) and their relatives

Name of the related parties	Relationship
Mr. Bankey Lal Choudhary, Managing Director	Key Management Personnel (KMP)
Mr. Shyam Sundar Choudhary, Executive Director	Key Management Personnel (KMP)
Mr. Vijay Kumar Choudhary, Executive Director	Key Management Personnel (KMP)
Mr. Anurag Choudhary, Chief Executive Officer	Key Management Personnel (KMP)
Mr. Amit Choudhary, President - Projects	Key Management Personnel (KMP)
Mr. Tushar Choudhary, President - Operations	Key Management Personnel (KMP)
Mr. Kamlesh Kumar Agarwal - Chief Financial Officer	Key Management Personnel (KMP)
Mr. Bajrang Lal Sharma - Company Secretary	Key Management Personnel (KMP)
Mr. Damodar Prasad Choudhary, Chairman Emeritus	Relative of KMPs
Mrs.Sushila Devi Choudhary	Relative of KMPs (wife of Mr.Damodar Prasad Choudhary)
Mrs.Sheela Devi Choudhary	Relative of KMPs (wife of Mr.Shyam Sundar Choudhary)
Mrs.Saroj Devi Choudhary	Relative of KMPs (wife of Mr.Bankey Lal Choudhary)
Mrs.Kanta Devi Choudhary	Relative of KMPs (wife of Mr.Vijay Kumar Choudhary)

ii) Non-Executive Directors

Name of the related parties
Mr. Sakti Kumar Banerjee, Non-Executive Independent Director
Mr. Hardip Singh Mann, Non-Executive Independent Director
Mr. Santimoy Dey, Non-Executive Independent Director
Mr. Hanuman Mal Choraria, Non-Executive Independent Director
Ms Rita Bhattacharya, Nominee Director (Non-Executive) of LICI
Mr. Santosh Kumar Agrawala, Non-Executive Independent Director
Mr. Suryakant Balkrishna Mainak, Non-Executive Independent Director

B. Enterprises controlled 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
Nanhey Lal Mohini Devi Foundation
Bharat Seva Nidhi

C. Entities with significant influence over the Holding Company

BC India Investments

Himadri Dyes & Intermediates Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

D. The following transactions were carried out with related parties in the ordinary course of business

Amount in ₹ Lakhs

Name of the related party	Nature of transaction	Year ended 31 March 2018	Year ended 31 March 2017
Himadri Dyes & Intermediates Limited	Rent paid	**0.07**	0.07
Himadri Industries Limited	Rent paid	**0.07**	0.07
Sri Agro Himghar Limited	Rent paid	**0.04**	0.04
Mr. Bankey Lal Choudhary	Remuneration	**94.68**	60.68
Mr. Shyam Sundar Choudhary	Remuneration	**90.68**	60.68
Mr. Vijay Kumar Choudhary	Remuneration	**90.68**	60.00
Mr. Anurag Choudhary	Remuneration	**109.13**	73.80
Mr. Amit Choudhary	Remuneration	**94.13**	73.80
Mr. Tushar Choudhary	Remuneration	**94.13**	73.80
Mr. Kamlesh Kumar Agarwal	Remuneration	**45.52**	35.16
Mr. Bajrang Lal Sharma	Remuneration	**16.08**	14.94
Mr. Sakti Kumar Banerjee	Sitting fees	**1.48**	1.56
Mr. Hardip Singh Mann	Sitting fees	**1.00**	1.00
Mr. Santimoy Dey	Sitting fees	**1.44**	1.56
Mr. Hanuman Mal Choraria	Sitting fees	**1.24**	1.32
Ms Rita Bhattacharya	Sitting fees	**1.00**	0.80
Mr. Santosh Kumar Agrawala	Sitting fees	**1.00**	0.40
Mr. Suryakant Balkrishna Mainak	Sitting fees	**0.60**	-
Nanhey Lal Mohini Devi Foundation	Donation/CSR	**70.00**	10.00
Bharat Seva Nidhi	Donation/CSR	**1.00**	-
BC India Investments	Dividend paid	**103.18**	51.59
Himadri Dyes & Intermediates Limited	Dividend paid	**98.29**	49.14
Himadri Industries Limited	Dividend paid	**46.14**	23.07
Himadri Credit & Finance Limited	Dividend paid	**9.48**	4.74
Himadri Coke & Petro Limited	Dividend paid	**38.18**	19.09
Mr. Vijay Kumar Choudhary	Dividend paid	**3.27**	1.63
Mr. Shyam Sundar Choudhary	Dividend paid	**3.23**	1.62
Mr. Bankey Lal Choudhary	Dividend paid	**1.48**	0.74
Mr. Damodar Prasad Choudhary	Dividend paid	**1.48**	0.74
Mrs.Sushila Devi Choudhary	Dividend paid	**0.85**	0.43
Mrs.Sheela Devi Choudhary	Dividend paid	**0.76**	0.38
Mrs.Saroj Devi Choudhary	Dividend paid	**0.82**	0.41
Mrs.Kanta Devi Choudhary	Dividend paid	**0.82**	0.41

E. Key Management Personnel Remuneration

Key management personnels remuneration comprised of the following:

Amount in ₹ Lakhs

Nature of transaction	Year ended 31 March 2018	Year ended 31 March 2017
Short-term employee benefits	**631.22**	449.04
Other long-term benefits	**3.81**	3.82
Total remuneration paid to key management personnel	**635.03**	452.86

As the future liability for gratuity is provided on an actuarial basis for the Group as a whole, the amount pertaining to the key management personnel is not ascertainable and, therefore, not included above.

Based on the recommendation of the Nomination and Remuneration Committee, all decisions relating to the remuneration of the KMP's are taken by the Board of Directors of the Holding Company, in accordance with shareholders' approval, wherever necessary.

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for the year ended 31 March 2018 (Contd.)

41. Operating segments:

A. Basis of segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group' s other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief operating decision maker (CODM) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has two reportable segments, as described below, which is the Group's strategic business units. These business units are managed separately because they require different technology and marketing strategies. For these business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Reportable segment	Operations
Carbon materials and chemicals	Manufacturing
Power	Generation and Distribution

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Amount in ₹ Lakhs

	Reportable segments			
Year ended 31 March 2018	**Carbon materials and chemicals**	**Power**	**Elimination**	**Total**
Segment revenue:				
- External revenues	**205,274.87**	**1,909.81**	-	**207,184.68**
- Inter-segment revenue	-	**1,944.03**	**1,944.03**	**m -**
Total segment revenue	**205,274.87**	**3,853.84**	**1,944.03**	**207,184.68**
Segment profit before income tax	-	-	-	**36,096.92**
Segment profit before income tax includes:				
Interest revenue	-	-	-	**(329.09)**
Interest expense	-	-	-	**7,044.87**
Depreciation and amortisation	**3,173.23**	**150.01**	-	**3,323.24**
Tax expense	-	-	-	**11,337.16**
Profit after tax	-	-	-	**24,759.76**
Segment assets	**203,375.43**	**5,685.76**	-	**209,061.19**
Unallocable corporate assets	-	-	-	**48,029.13**
Capital expenditure during the year	**5,569.74**	**46.94**	-	**5,616.68**
Segment liabilities	**22,855.72**	**26.81**	-	**22,882.53**
Unallocable corporate liabilities	-	-	-	**92,768.27**

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Amount in ₹ Lakhs

Year ended 31 March 2017	Reportable segments: Carbon materials and chemicals	Reportable segments: Power	Reportable segments: Elimination	Total
Segment revenue:				
- External revenues	147,171.71	1,837.11	-	149,008.82
- Inter-segment revenue	-	1,671.46	1,671.46	-
Total segment revenue	147,171.71	3,508.57	1,671.46	149,008.82
Segment profit (loss) before income tax	-	-	-	12,466.58
Segment profit (loss) before income tax includes:				
Interest revenue	-	-	-	(357.62)
Interest expense	-	-	-	8,157.74
Depreciation and amortisation	3,128.24	149.90	-	3,278.14
Tax expense	-	-	-	4,222.76
Profit after tax	-	-	-	8,243.82
Segment assets	192,120.39	5,625.49	-	197,745.88
Unallocable corporate assets	-	-	-	21,289.41
Capital expenditure during the year	1,196.71	16.71	-	1,213.42
Segment liabilities	23,573.81	33.56	-	23,607.37
Unallocable corporate liabilities	-	-	-	92,454.35

Property, plant and equipment are allocated based on location of the assets.

Secondary segment information (geographical segment)

Amount in ₹ Lakhs

Particulars	Within India		Outside India		Total	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017	**31 March 2018**	31 March 2017
External revenue by location of customers	**175,594.58**	131,001.12	**31,590.10**	18,007.70	**207,184.68**	149,008.82
Carrying amount of segment assets by location of assets	**242,933.78**	205,880.92	**14,156.54**	13,154.37	**257,090.32**	219,035.29
Cost incurred on acquisition of tangible and intangible fixed assets	**5,572.89**	1,204.80	**43.79**	8.62	**5,616.68**	1,213.42

Major customer

Revenue from one customer of the Group's Carbon material and chemical segment is ₹ **32,930.61 lakhs** (31 March 2017: ₹ 18,947.96 lakhs) which is more than 10 percent of the Group's total revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018 (Contd.)

42. Fair value measurement

See accounting policy in note 3(c)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in forced or liquidation sale.

A. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Amount in ₹ Lakhs

	Carrying value				Fair value measurement using		
As on 31 March 2018	**Amortised cost**	**Financial assets/ liabilities at FVTPL**	**Financial assets/ liabilities at FVOCI**	**Total carrying amount**	**Level 1**	**Level 2**	**Level 3**
Financial assets:							
Investment in equity instruments (Unquoted)	-	-	21,530.27	21,530.27	-	-	21,530.27
Investment in equity instruments (Quoted)	-	-	5,792.69	5,792.69	2.60	-	5,790.09
Investment in mutual funds	-	-	-	-	-	-	-
Investment in government securities	0.07	-	-	0.07	-	-	-
Trade receivables	27,978.64	-	-	27,978.64	-	-	-
Cash and cash equivalents	1,989.42	-	-	1,989.42	-	-	-
Bank balance other then cash and cash equivalents	1,431.07	-	-	1,431.07	-	-	-
Loans	1,987.47	-	-	1,987.47	-	-	-
Other financial assets	801.83	-	-	801.83	-	-	-
Financial liabilities:							
Non convertible debentures	15,000.00	-	-	15,000.00	-	-	-
Term loans	14,592.90	-	-	14,592.90	-	-	-
Sale tax deferment	-	-	-	-	-	-	-
Current borrowings	36,422.53	-	-	36,422.53	-	-	-
Trade payables	14,623.49	-	-	14,623.49	-	-	-
Derivatives	-	769.56	-	769.56	-	769.56	-
Other financial liabilities	1,211.60	-	-	1,211.60	-	-	-

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for the year ended 31 March 2018 (Contd.)

Amount in ₹ Lakhs

As on 31 March 2017	Carrying value				Fair value measurement using		
	Amortised cost	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVOCI	Total carrying amount	Level 1	Level 2	Level 3
Financial assets:							
Investment in equity instruments (Unquoted)	-	-	6,859.44	6,859.44	-	-	6,859.44
Investment in equity instruments (Quoted)	-	-	1,797.87	1,797.87	1.80	-	1,796.07
Investment in mutual funds	-	37.67	-	37.67	37.67	-	-
Investment in government securities	0.07	-	-	0.07	-	-	-
Trade receivables	22,918.32	-	-	22,918.32	-	-	-
Cash and cash equivalents	1,205.08	-	-	1,205.08	-	-	-
Bank balance other then cash and cash equivalents	2,466.06	-	-	2,466.06	-	-	-
Loans	2,357.71	-	-	2,357.71	-	-	-
Other financial assets	870.97	-	-	870.97	-	-	-
Financial liabilities:							
Non convertible debentures	24,990.43	-	-	24,990.43	-	-	-
Term loans	16,491.47	-	-	16,491.47	-	-	-
Sale tax deferment	61.42	-	-	61.42	-	-	-
Current borrowings	35,815.58	-	-	35,815.58	-	-	-
Trade payables	17,829.43	-	-	17,829.43	-	-	-
Derivatives	-	5,292.03	184.69	5,476.72	-	5,476.72	-
Other financial liabilities	1,168.23	-	-	1,168.23	-	-	-

The management assessed that trade receivables, cash and cash equivalent, bank balances other than cash and cash equivalent, trade payable and other financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. The Group's borrowings have been contracted at market rates of interest. Accordingly, the carrying value of such borrowings approximate fair value.

B. Measurement of fair values

The Group has established the following fair value hierarchy that categories the value into 3 levels. The inputs to valuation techniques used to measure fair value of financial instruments are:

Level 1: The hierarchy uses quoted (adjusted) prices in active markets for identical assets or liabilities. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price or dealer quotations as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on company specific estimates. The mutual fund units are valued using the closing net asset value. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following methods and assumptions were used to estimate the fair values:

(a) The fair value of the quoted investments/units of mutual fund schemes are based on market price/net asset value at the respective reporting date.

(b) The fair value of the quoted /unquoted investments included in level 3 are based on the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a range of possible fair value measurements and the cost represents estimate of fair value within that range.y

(c) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

(d) The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates and interest rate curve of the respective currencies.

(e) The fair value of currency swap is calculated as the present value determined using forward exchange rates, currency basis spreads between the respective currencies and interest rate curves.

(f) The fair value of the remaining financial instruments is determined using discounted cash flow analysis. The discount rate used is based on management estimates.

The significant observable inputs used in the fair value measurement of the fair value hierarchy of level 3 inputs like discounted cash flows, market multiple method, option pricing model etc.

There were no transfer of financial assets or liabilites measured at fair value between level 1 and level 2, or transfer into or out of level 3 during the year ended 31 March 2018 and 31 March 2017.

Reconciliation of level 3 fair value measurements

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Balance as at beginning of the year	**8,656.51**	3,147.46
Change in value of investment in equity securities measured at FVTOCI (unrealised)	**18,664.85**	5,509.05
Balance as at end of the year	**27,321.36**	8,656.51

43. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

Risk management framework

The Group's principal financial liabilities, other than derivatives, comprises of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group operations. The Group's principal financial assets, other than derivatives include trade and other receivables, investments and cash and cash equivalents that derive directly from its operations.

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Group uses derivative financial instruments to mitigate foreign exchange related risk exposures. Foreign currency options contract are entered to hedge certain foreign currency

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for the year ended 31 March 2018 (Contd.)

risk exposures and interest rate swaps to hedge variable interest rate exposures. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The sources of risks which the Group is exposed to and their management is given below:

Risk	Exposure Arising from	Measurement	Management
Credit risk	Trade receivables, Investments, Derivative financial instruments, Loans	Ageing analysis, Credit rating	Diversification of mutual fund investments, Credit limit and credit worthiness monitoring, credit based approval process
Liquidity risk	Borrowings and Other liabilities	Rolling cash flow forecasts	Adequate unused credit lines and borrowing facilities
Market risk			
Foreign exchange risk	Committed commercial transaction Financial asset and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts. Foreign currency options principal only/currency swaps
Interest rate	Long term borrowings at variable rates ; Investment in debt scheme of mutual fund and other debt securities	Sensitivity analysis Interest rate movements	Interest rate swaps
Commodity Price risk	Movement in prices of raw materials	Commodity price tracking	Maintaining inventory at optimum level
Security prices	Investment in equity securities	Sensitivity analysis	Portfolio diversification

The Group has standard operating procedures and investment policy for deployment of surplus liquidity, which allows investment in debt securities and mutual fund schemes of debt categories only and restricts the exposure in equity markets.

(i) Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally form the Group receivables from customers and loans. Credit arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with bank, mutual fund investments, investments in debt securities, foreign exchange transactions and financial guarantees. The Group has no significant concentration of credit risk with any counterparty. The carrying amount of financial assets represent the maximum credit risk exposure.

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for the year ended 31 March 2018 (Contd.)

Trade receivable

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references.

Exposure to credit risks

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. Details of concentration percentage of revenue generated from top customer and top five customers are stated below:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Revenue from a top customer	**25%**	14%
Revenue from top five customers	**72%**	43%

Trade receivables are primarily unsecured and are derived from revenue earned from customers. Credit risk is managed through credit approvals, establishing credit limits and by continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. As per simplified approach, the Group makes provision of expected credit lossed on trade receivables using a provision matrix to mitigate the risk of default payments amd makes appropriate provisions at each reporting date whenever is for longer period and involves higher risk. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group uses a provision matrix to compute the credit loss allowance for trade receivables.

Movement in impairment loss account is as follows:

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Balance at the beginning	**417.01**	417.01
Balance at the end	**417.01**	417.01

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Group's finance team is responsible for liquidity, finding as well as settlement management. In addition, Processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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Exposure to liquidity risk

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Amount in ₹ Lakhs

31 March 2018	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	42,896.79	4,521.62	16,564.12	2,060.60	-	66,043.13
Trade and other payables	14,623.49	-	-	-	-	14,623.49
Derivatives	185.91	185.79	397.86	-	-	769.56
Other financial liabilities	486.77	-	-	25.77	-	512.54

Amount in ₹ Lakhs

31 March 2017	Less than 1 year	1-2 years	2-3 years	3-5 years	> 5 years	Total
Borrowings (including estimated interest)	42,671.66	6,557.92	6,271.15	31,888.03	4,390.90	91,779.66
Trade and other payables	17,829.43	-	-	-	-	17,829.43
Derivatives	4,594.40	220.79	220.79	440.74	-	5,476.72
Other financial liabilities	527.12	-	-	25.77	-	552.89

(iii) Market risk

Market risk is the risk of loss of future earnings, fair value or future cash flows that may result from a change in the price of a financial instrument . The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that effect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management. Generally, the Group seeks to apply hedge accounting to manage volatility in other comprehensive income..

(a) Currency risk

Foreign currency risk is the risk impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency borrowings, import of raw materials and spare parts, capital expenditure, exports of finished goods. The currency in which these transactions are primarily denominated as USD and JPY. The Group manages currency exposures within prescribed limits, through use of forward exchange contracts. Foreign exchange transactions are covered with strict limits placed on the amount of uncovered exposure, if any, at any point of time.

The Group evaluates exchange rate exposure arising from foreign currency transactions. The Group follows established risk management policies and standard operating procedures. It uses derivative instruments like foreign currency swaps and forwards to hedge exposure to foreign currency risk. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure.

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for the year ended 31 March 2018 (Contd.)

Exposure to currency risk

The Group's exposure to foreign currency are at the end of the reporting period are as follows:

Amount in ₹ Lakhs

31 March 2018	In original currency (USD)	In Rupees	In original currency (JPY)	In Rupees
Financial Assets				
Trade receivables	**16.37**	**1,065.15**	**-**	**-**
Cash and cash equivalents	**1.20**	**78.02**	**-**	**-**
Other financial assets	**16.93**	**1,101.17**	**-**	**-**
	34.50	**2,244.34**	**-**	**-**
Financial Liabilities				
Borrowings (including current maturities of long-term debt)	**336.77**	**21,905.11**	**2,157.31**	**1,327.61**
Trade payables	**79.20**	**5,151.67**	**-**	**-**
Derivatives	**5.53**	**359.54**	**666.27**	**410.02**
Other financial liabilities	**0.22**	**14.62**	**-**	**-**
Less:Forward contracts	**(1.07)**	**(69.60)**	**-**	**-**
	420.65	**27,361.34**	**2,823.58**	**1,737.63**
Net exposure in respect of recognised financial assets and liabilities	**(386.15)**	**(25,117.00)**	**(2,823.58)**	**(1,737.63)**

Amount in ₹ Lakhs

31 March 2017	In original currency (USD)	In Rupees	In original currency (JPY)	In Rupees
Financial Assets				
Trade receivables	16.72	1,083.80	-	-
Cash and cash equivalents	8.98	582.52	-	-
Other financial assets	15.68	1,017.12	-	-
	41.38	2,683.44	-	-
Financial Liabilities				
Borrowings (including current maturities of long-term debt)	312.76	20,278.80	3,020.26	1,750.54
Trade payables	106.48	6,903.82	-	-
Derivatives	73.94	4,794.36	1,177.29	682.36
Other financial liabilities	0.03	1.82	-	-
Less:Forward contracts	(275.34)	(17,852.65)	-	-
	217.87	14,126.15	4,197.55	2,432.90
Net exposure in respect of recognised financial assets and liabilities	(176.49)	(11,442.71)	(4,197.55)	(2,432.90)

Sensitivity analysis

A reasonably possible strengthening (weakening) of the USD and JPY against Indian rupee at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular interest rates , remain constant and ignores any impact of forecast sales and purchases.

Amount in ₹ Lakhs

	Profit or loss		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
31 March 2018				
USD (5% Movement)	**1,368.07**	**(1,368.07)**	**894.61**	**(894.61)**
JPY (10% Movement)	**173.76**	**(173.76)**	**113.63**	**(113.63)**
31 March 2017				
USD (5% Movement)	(572.14)	572.14	(374.13)	374.13
JPY (10% Movement)	243.29	(243.29)	159.09	(159.09)

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for the year ended 31 March 2018 (Contd.)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group exposure to the risk of changes in market interest rates related primarily to the Group's current borrowing (excluding commercial paper and others) with floating interest rates. For all non-current borrowings with floating rates, the risk of variation in the interest rates in mitigated through interest rate swaps. The Group constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost.

Exposure to interest rate risk

The interest rate profile of the Group 's interest bearing financial instruments at the end of the reporting period are as follows:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Fixed rate instruments		
Financial assets	1,844.30	2,549.74
Financial liabilities	(15,000.00)	(24,990.43)
	(13,155.70)	(22,440.69)
Effect of interest rate swaps	-	(2,674.59)
	(13,155.70)	(25,115.28)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(51,015.43)	(52,307.05)
	(51,015.43)	(52,307.05)
Effect of interest rate swaps	-	2,674.59
	(51,015.43)	(49,632.46)

Sensitivity analysis

Fixed rate instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of sensitivity analysis.

A reasonably possible change of 100 basis points in variable rate instruments at the reporting dates would have increased or decreased profit or loss by the amounts shown below:

Amount in ₹ Lakhs

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2018				
Variable rate instruments	(510.15)	510.15	(333.60)	333.60
Interest rate swap	-	-	-	-
Cash flow sensitivity (net)	(510.15)	510.15	(333.60)	333.60
31 March 2017				
Variable rate instruments	(523.07)	523.07	(342.05)	342.05
Interest rate swap	26.75	(26.75)	17.49	(17.49)
Cash flow sensitivity (net)	(496.32)	496.32	(324.55)	324.55

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period and all other variables, in particulars foreign currency exchange rates, remain constant. Further, the calculation for the unhedged floating rate borrowing have been done on the notional value of the foreign currency.

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for the year ended 31 March 2018 (Contd.)

(c) Equity price risks

The Group's quoted and unquoted equity instruments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The senior management reviews and approves all equity investment decisions.

Sensitivity analysis

Investment in equity instruments of the Holding Company are listed on the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and Calcutta Stock Exchange (CSE) in India. The table below summaries the impact of increase/decrease of the Nifty 50 index on the Holding Company equity and profit for the period. The analysis is based on the assumption that the NSE nifty 50 equity index had increased/decreased by 10% with all other variables held constant, and that all the Holding Company equity instruments moved in line with the index.

Amount in ₹ Lakhs

	Profit or loss		Equity, net of tax	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
NSE Nifty 50 - increase by 10% (31 March 2017: 10%)	**0.27**	0.27	**0.18**	0.18
NSE Nifty 50 - decrease by 10% (31 March 2017: 10%)	**(0.27)**	(0.27)	**(0.18)**	(0.18)

(d) Hedge accounting

Currency risk-Transactions in foreign currency

The Holding Company is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales and interest rate exposures are denominated. The currencies in which these transactions are primarily denominated are US dollars and JPY Yens. The Holding Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out as per the risk managemnet policy of the Holding Company.

The Holding Company holds derivative financial instruments such as foreign currency forward, cross currency swaps, interest rate swaps and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.The Holding Company's risk management policy is to hedge its foreign currency exposure in respect of firm commitments and highly probable forecasted transcations and interest rate risks. The counterparty for these contracts is generally a bank or a financial institution.

The Holding Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Holding Company assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item. In order to designate a derivative contract as an effective hedge, the 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. The Holding Company applies a hedge ratio of 1:1.

In these hedging relationships, the main sources of ineffectiveness are :

- the effect of the counterparty and the Holding Company's own credit risk on the fair value of the forward exchange contracts, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and

- changes in the timing of the hedged transactions.

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Interest rate risk

The Holding Company adopts a policy of hedging its certain interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate and using interest rate swaps as hedges of the variability in cash flows attributable to movements in interest rates. The Holding Company applies a hedge ratio of 1:1.

The Holding Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional of hedging instruments or par amounts of hedged items.

In these hedging relationships, the main sources of ineffectiveness are:
- the effect of the counterparty and the Holding Company's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and

- differences in re-pricing dates between the swaps and the borrowings.

The following table gives details in respect of outstanding foreign currency forward, cross currency swaps, interest rate swaps and option contracts:

			31 March 2018		31 March 2017	
Particulars	**Currency pair**	**Position**	**Amount in foreign currency in lakhs**	**Amount in ₹ in lakhs**	Amount in foreign currency in lakhs	Amount in ₹ in lakhs
Forward contracts [**1,** (previous year 4)]	USD/INR	Buy	**1.07**	**69.60**	275.34	17,852.65
Currency swaps [**Nil**, (previous year 4)]	USD/INR	Sell	-	-	213.54	13,845.63
Currency swap [**1,** (previous year 1)]	USD/JPY	Sell	**2,152.78**	**1,324.82**	3,013.89	1,746.85
Option contracts [**Nil,** (previous year 5)]	USD/INR	Options	-	-	230.00	14,912.88
Interest rate swaps [**3,** (previous year 3)]	USD/INR	Notional Principal	**246.12**	**16,008.65**	246.12	15,958.08
Interest rate swaps [**Nil**, (previous year 2)]	USD-Floating to fixed	Notional Principal	-	-	41.25	2,674.59
Interest rate swap [**1,** (previous year 1)]	JPY to INR	Notional Principal	**4,733.69**	**2,913.11**	4,733.69	2,743.65

The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as of the balance sheet date:

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
Not later than one month	-	1.67
Later than one month and not later than three months	**0.12**	4,375.47
Later than three months and not later than one year	**185.79**	217.26
Later than one year	**583.65**	882.32
	769.56	5,476.72

All derivative contracts outstanding as at year end are marked to market. The Holding Company has applied hedge accounting principles. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging

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instrument is expected to offset changes in cash flows of hedged items. If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in Statement of Profit and Loss at the time of the hedge relationship rebalancing.

Accordingly, net exchange fluctuation loss/ (gain) aggregating to ₹ **(108.05) lakhs** [31 March 2017: ₹ (168.36 lakhs)], being the effective portion of the contract designated as effective hedge for future cash flows has been recognised in the other comprehensive income.

The following table provides quantitative information about offsetting of derivative financial assets and derivative financial liabilities:

Amount in ₹ Lakhs

	31 March 2018		31 March 2017	
	Derivative financial asset	**Derivative financial liability**	Derivative financial asset	Derivative financial liability
Gross amount of recognised financial asset/ liability	**54.46**	**824.02**	114.40	5,591.12
Amount set-off	**(54.46)**	**(54.46)**	(114.40)	(114.40)
Net amount presented in balance sheet	**-**	**769.56**	-	5,476.72

Disclosure of effects of hedge accounting on financial performance

For the year ended 31 March 2018

Amount in ₹ Lakhs

Type of hedge	**Change in the value of the hedging instrument recognised in OCI**	**Hedge effectiveness recognised in Consolidated Statement of Profit and Loss**	**Amount reclassified from cash flow hedging reserve to Consolidated Statement of Profit and Loss**	**Line item affected in the Consolidated Statement of Profit and Loss because of the reclassification**
Cash flow hedge				**Foreign exchange fluctuation**
(i) Foreign exchange risk	**(121.18)**	**-**	**(76.64)**	
(ii) Interest rate risk	**13.13**	**-**	**-**	

For the year ended 31 March 2017

Amount in ₹ Lakhs

Type of hedge	Change in the value of the hedging instrument recognised in OCI	Hedge effectiveness recognised in Consolidated Statement of Profit and Loss	Amount reclassified from cash flow hedging reserve to Consolidated Statement of Profit and Loss	Line item affected in the Consolidated Statement of profit and Loss because of the reclassification
Cash flow hedge				Foreign exchange fluctuation
(i) Foreign exchange risk	(124.65)	-	2,158.23	
(ii) Interest rate risk	(43.71)	-	-	

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Movements in cash flow hedging reserve

Amount in ₹ Lakhs

Risk category	Foreign currency risks	Interest rate risk	
Derivative instruments	**Foreign exchange forward contract**	**Interest rate swaps**	**Total**
Cash flow hedging reserve			
As at 1 April 2016	2,480.71	30.57	2,511.28
Add: Changes in discounted spot element of foreign exchange forward contracts	(124.65)	-	(124.65)
Add: Changes in fair value of interest rate swaps	-	(43.71)	(43.71)
Less: Amount reclassified to profit or loss	2,158.23	-	2,158.23
As at 31 March 2017	197.82	(13.13)	184.69
Add: Changes in discounted spot element of foreign exchange forward contracts	**(121.18)**	**-**	**(121.18)**
Add: Changes in fair value of interest rate swaps	**-**	**(13.13)**	**(13.13)**
Less: Amount reclassified to profit or loss	**(76.64)**	**-**	**(76.64)**
As at 31 March 2018	**-**	**-**	**-**

Impact of hedging activities

31 March 2018

Amount in ₹ Lakhs

	Nominal value		Carrying amount of hedging instrument						
Type of hedge and risks	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Maturity date**	**Hedge ratio**	**Weighted average strike price/ rate**	**Change in fair value of hedging instrument**	**Change in the value of hedged item used as the basis for recognising hedge effectiveness**
Cash flow hedge:									
Foreign exchange contract									
- Currency swap contract	-	-	-		**ICICI: 28 June 2017 (USD) 24 Aug 2020 (JPY)**	**1:1**	**US$ 1: INR 46.83 JPY 1: INR 0.7026**	**(121.18)**	**121.18**
Interest rate risk									
- Interest rate swap	-	-	-	-	**DBS: 15 September 2017 HSBC: 8 November 2017**	**1:1**	**1.3%**	**13.13**	**(13.13)**

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31 March 2017

Amount in ₹ Lakhs

	Nominal value		Carrying amount of hedging instrument						
Type of hedge and risks	Assets	Liabilities	Assets	Liabilities	Maturity date	Hedge ratio	Weighted average strike price/ rate	Change in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
Cash flow hedge:									
Foreign exchange contract									
- Currency swap contract	-	USD 213.54 JPY 3,013.89	-	4,043.45	ICICI: 28 June 2017 (USD) 24 Aug 2020 (JPY)	1:1	"US$ 1: INR 46.83 JPY 1: INR 0.7026"	(121.27)	121.27
Interest rate risk									
- Interest rate swap	USD 41.25	-	13.13	-	DBS: 15 September 2020 HSBC: 17 September 2018	1:1	1.3%	(43.71)	43.71

44. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain furture development of the business. The management monitors the return on capital, as well as the level of dividends to equity shareholders. The Group's objective when managing capital are to: (a) to maximise shareholders value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital using debt-equity ratio, which is total debt less investments divided by total equity.

Amount in ₹ Lakhs

Particulars		**31 March 2018**	31 March 2017
Debt	A	**66,015.43**	77,358.90
Liquid investments including bank deposits	B	**1,990.56**	1,242.75
TOTAL	C = A-B	**64,024.87**	76,116.15
Equity	D	**141,439.52**	102,973.57
Debt to Equity	E = A / D	**0.47**	0.75
Debt to Equity (net)	F = C / D	**0.45**	0.74

For the purpose of the Group's capital management

(a) Debt is defined as non-current borrowings, current borrowings and current maturities of long-term debts as described in note 19 and 22.

(b) Equity includes Issued, subscribed and fully paid-up equity share capital and other equity attributable to the equity holders of the Holding Company as described in note 17 and 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

45. Government grant : Other operating revenue includes Incentives against capital investments, under State Investment Promotion Scheme of ₹ **Nil** (31 March 2017: ₹ 557.06 lakhs).

46. The Group 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 Group 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 arm's 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.

47. Disclosure on specified bank notes (SBNs)

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited standalone financial statements for the period ended 31 March 2017 have been disclosed.

Amount in ₹ Lakhs

	Specified Bank Notes	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	25.30	8.07	33.37
Add: Permitted receipts	-	60.26	60.26
Less: Permitted payments	-	55.13	55.13
Less: Amount deposited in banks	25.30	-	25.30
Closing cash in hand as on 30 December 2016	-	13.20	13.20

48. Non-controlling interests

Additional information pursuant to paragraph 2 of Division II of schedule III to the Companies Act, 2013.

Amount in ₹ Lakhs

	Net assets (total assets minus total liabilities)		Share in Profit or Loss		Share in OCI		Share in total comprehensive income	
	As % of Consolidated net assets	Amount in ₹ Lakhs	As % of Consolidated profit or loss	Amount in ₹ Lakhs	As % of Consolidated OCI	Amount in Rupees Lakhs	As % of Consolidated total comprehensive income	Amount in ₹ Lakhs
Parent								
Himadri Speciality Chemical Limited	102.96%	145,632.55	97.97%	24,257.46	99.00%	13,888.49	98.33%	38,145.95
Subsidiaries:								
Indian								
Equal Commodeal Private Limited	5.62%	7,942.13	(0.15%)	(36.05)	0.00%	-	(0.09%)	(36.05)
Foreign								
1. AAT Global Limited	4.11%	5,810.84	1.57%	387.53	0.00%	-	1.00%	387.53
2. Shandong Dawn Himadri Chemical Industry Limited	(0.29%)	(415.61)	0.86%	211.77	0.00%	-	0.55%	211.77
Non-controlling interests in all subsidiaries	(0.02%)	(26.42)	0.05%	13.52	(0.02%)	(3.10)	0.03%	10.42
Intercompany eliminations on consolidation	(12.38%)	(17,503.97)	(0.30%)	(74.47)	0.00%	-	(0.19%)	(74.47)
Exchange differences in translating financial statements of foreign operations	0.00%	-	0.00%	-	1.03%	143.96	0.37%	143.96
At 31 March 2018	**100.00%**	**141,439.52**	**100.00%**	**24,759.76**	**100.00%**	**14,029.35**	**100.00%**	**38,789.11**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

49. Due to Micro enterprises and small enterprises

Amount in ₹ Lakhs

	31 March 2018	31 March 2017
(a) The amounts remaining unpaid to Micro and Small suppliers as at the end of each accounting year:		
- Principal	**200.58**	187.69
- Interest	**-**	-
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (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.	**-**	-

50. Distribution made and proposed dividend

Amount in ₹ Lakhs

	Year ended 31 March 2018	Year ended 31 March 2017
Cash dividend on equity shares declared and paid		
Final dividend for the year ended on 31 March 2017: ₹ 0.10 per share (31 March 2016: ₹ 0.05)	**418.41**	209.20
Dividend distribution tax on final dividend	**85.18**	42.59
Total dividend paid	**503.59**	251.79
Proposed dividend on Equity shares		
Final dividend for the year ended on 31 March 2018: ₹ 0.10 per share (31 March 2017: ₹ 0.10)	**418.41**	418.41
Dividend distribution tax on final dividend	**86.00**	85.18
Total dividend proposed	**504.41**	503.59

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Contd.)

Proposed dividends on equity shares are subject to approval at the Annual General Meeting of the Holding Company and are not recognised as a liability (including dividend distribution tax thereon) as at 31 March 2018.

51. The Shareholders by way of special resolution dated 24 September 2016, at Annual General Meeting, have authorised the Nomination and Remuneration Committee ("the Committee") to grant options to the employees under the Himadri Employee Stock Option Plan 2016 ("ESOP 2016"). Accordingly, the Committee has further granted 26,95,000 (Twenty six lakhs ninety five thousand only) options as Grant II on 8 May 2018, to its eligible employees (with each such option conferring a right upon the employee to apply for one equity share of the Company) under the ESOP 2016. The face value of each equity share is ₹ 1/- and exercise price per option/equity share is ₹ 140 per share, and the options shall vest after 1 year but within 5 years from the date of such grant.

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

Place: Kolkata
Date: 29 May 2018

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

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 2018	31 March 2018		31 March 2018	
Reporting Currency	INR	INR	HKD	INR	RMB
Share Capital	1.00	5,875.05	707.84	4,878.61	470.00
Other Equity	7,941.13	(64.21)	(7.74)	(5,320.64)	(512.59)
Total Assets	11,102.78	13,616.50	1,640.54	10,662.28	1,027.19
Total Liabilities	3,160.65	7,805.66	940.44	11,104.31	1,069.78
Investments	5,245.78	4,484.26	540.27	-	-
Turnover / Total Income	249.73	35,772.60	4,299.59	7,105.25	718.06
Profit/(Loss) Before Taxation	(33.93)	387.53	46.58	225.29	22.77
Provision for Taxation	2.12	-	-	-	-
Profit/(Loss) After Taxation	(36.05)	387.53	46.58	225.29	22.77
Proposed Dividend	-	-	-	-	-
% of Shareholding	100%		100%		94%

For and on behalf of the Board of Directors of
Himadri Speciality Chemical 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: 29 May 2018

Place: Kolkata
Date: 29 May 2018

Awards & Achievements

- **World's 100 Greatest Brands 2017-18 Asia & GCC**
  2018, At the Fourth edition of India-UAE Business and Social Forum 2018 & WGBL 4th Edition Summit Organized by AsiaOne Magazine & URS-United Research Services Media Consulting PL and having PricewaterhouseCoopers PL as the process reviewer of the Award
- **Mr. Anurag Choudhary, CEO, recognized as "World's 100 Greatest Leaders 2017-18"**
  2018, At the Fourth edition of India-UAE Business and Social Forum 2018 & WGBL 4th Edition Summit Organized by AsiaOne Magazine & URS-United Research Services Media Consulting PL and having PricewaterhouseCoopers PL as the process reviewer of the Award
- **Mr. Anurag Choudhary, CEO, receives Asia Pacific Entrepreneurship Awards (APEA) India**
  2018 by Enterprise Asia
- **Identified as Fortune 500**
  HSCL has been identified as the one of the top 25 wealth creators among the Next 500 companies by Fortune, India
- **Recognized as Star Export House**
  2018 by Ministry of Commerce, Govt. of India
- **India's Best Company of the Year Award 2017'**
  2018 by IBC InfoMedia in collaboration with Media Research Group (MRG)
- **Platinum Award & Top 100 in International Annual Report Competition**
  2018 by League of American Communications Professionals LLC (LACP)
- **18th Annual Greentech Environment Award**
  2018 by Greentech Foundation, New Delhi

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