Annual Report
**2017-2018**




# TRANSFORMATION

AYM Syntex

AYM

ADVANCED YARN MANUFACTURING

# 30+ YEARS

**AYM Syntex Limited started its transformational journey 3 years back as a differentiated player known for**

QUALITY | CONSISTENCY | UNIQUENESS

**with the focus towards**

- Innovation
- Enhanced Global Footprint
- Expansion of Strategic Business
- Capability Enhancement
- Change Management
- Corporate Social Responsibility

## TABLE OF CONTENTS

### STRATEGIC REPORT


01 AYM Global Footprint
02 AYM Brands & Products
05 AYM Organizational Culture
06 Managing Director & CEO's Message
08 Key Financial Highlights
09 Quarterly Financials
10 Corporate Information


### STATUTORY REPORT


12 Director's Report
18 Management Discussion & Analysis
34 Corporate Governance Report


### FINANCIAL STATEMENTS


44 Independent Auditor's Report on Standalone Financial Statements
52 Standalone Financial Statements

# ENHANCED GLOBAL FOOTPRINT



## Touching lives across 50+ COUNTRIES

# TRANSITIONED FROM COMMODITY MARKET TO NICHE MARKET

Comfeel™ FEEL THE COMFORT

Spinovate® New blends for new trends

ARCTICOOL™ Play it supercool

DUPONT™ sorona®

SILQUE™ vibrant, radiant, elegant

Rezilia® Resilience meets elegance

Beleaf™ For a sustainable future

ASSURA™ FIRE SHIELD FOR LIFE

POLYCYCLE™ Back to Green

SUPERITE™ Right first time

NOVACORE™ Quality, consistency, reliability

ELIOR™ stand out, shine on

EMBRACE™ Care meets comfort

POLYMAGIC™ WHITE TO BRIGHT

SORENYL™ TOUCH OF CLASS

Polywonder®

Wonderfeel® TREAT FOR FEET

# BULK CONTINUOUS FILAMENT YARN

## APPLICATIONS


Wall to Wall Carpets


Rugs


Area Rugs


Automotive Carpets

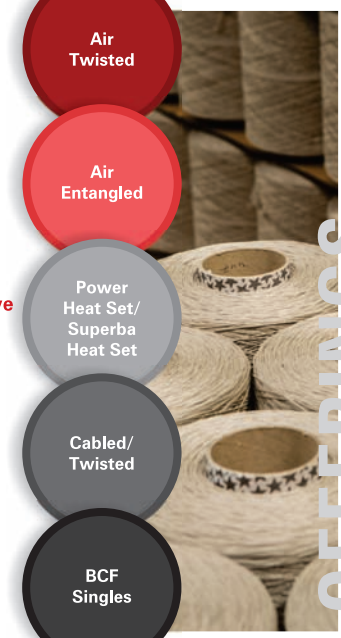

Bath Mats


Carpet Tiles


Tufted Carpets


Woven Carpets

## OFFERINGS




# AUTOMOTIVE YARN

## OFFERINGS




## APPLICATIONS


Headliners


Door Panels

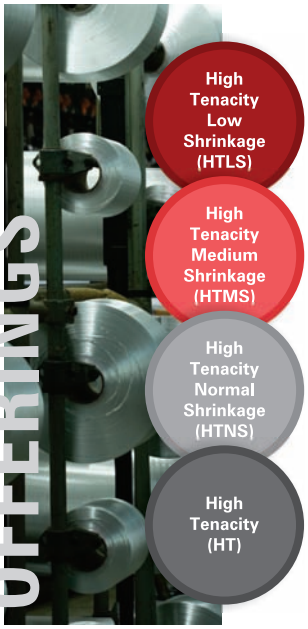

Bolsters


Seat Covers


Inserts

# INDUSTRIAL YARN

## OFFERINGS



- High Tenacity Low Shrinkage (HTLS)
- High Tenacity Medium Shrinkage (HTMS)
- High Tenacity Normal Shrinkage (HTNS)
- High Tenacity (HT)

## APPLICATIONS



Ropes & Net Manufacturing



Coated Fabrics



Sewing Threads



Wet Filteration

# SEWING THREADS

## APPLICATIONS



Formal Wear



Denim



Inner Wear



Home Textiles



Leisure Wear

## OFFERINGS



- 100% Textured Polyester

# TEXTILE YARN

## APPLICATIONS


Apparel & Fashion


Sarees & Dress Material


Hosiery

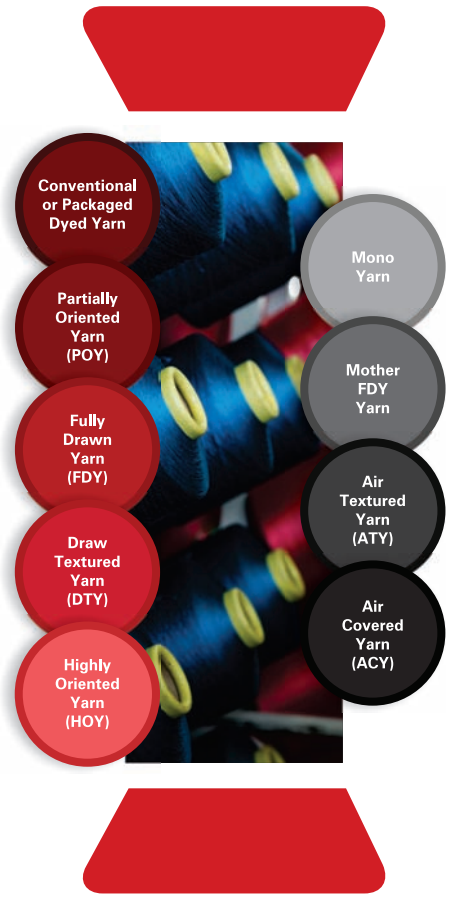

Home Textiles

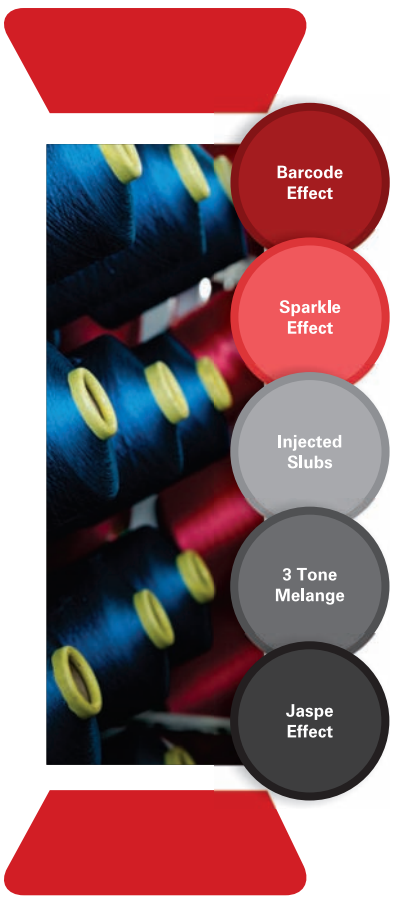

Automotive


Denim


Seamless Garments

## OFFERINGS



# STRENGTHENING **ORGANIZATIONAL CULTURE**



**Capability Building and Development**



**Employee Engagement & Recognition Initiatives**



**Sustainable Corporate Social Responsibility Initiatives**




**Enhanced Presence via Social Media Channels**

# Managing Director and CEO's Message



## Dear Shareholders,

Financial year 2017-2018 was a particularly difficult one for the company. While the top line grew, the bottom line saw a sharp de-growth during the year. There were several internal as well as external developments which affected the company's performance this year.

**While GST is a positive development for the country in the long term, it created a lot of challenges for us in its first year.** When launched on July 1st 2017, the tax imposed on yarn was 18% whilst fabric manufacturers had tax of 5% without Input Tax credit leading to sharp accumulation of GST in the balance sheets of these companies and creating a shortage of liquidity and demand in the market. The tax on yarn was later revised to 12% however, the issue continued to persist. This led to a decline of as high as 35% (Source: Economic Times July 1st, 2018) in fabric production in markets such as Surat, which is where we as a company have a lot of exposure when it comes to Nylon. It was only after a year, in this financial year 2018-2019 that input tax credit was finally allowed and we hope to see the positive impact of this development on liquidity and demand during the latter half of this year. Moreover, GST brought along with it the discontinuance of tax incentives that the company enjoyed earlier, delays in refund of credits in case of exports, further impacting the bottom-line as well as liquidity.

Besides GST, the Nylon segment was also impacted by extreme volatility in raw material prices during the year as well as a sharp influx of new capacity in the segment leading to a situation of increasing raw material prices and decreasing finished goods prices compressing the overall margin over raw material. To add to all of that, anti dumping duties, which had protected the industry from external overcapacity was discontinued during the year, opening up imports from China, Taiwan and Korea. Within a year's time, Nylon segment has moved from contributing significantly to the P&L to dragging the bottom line. Finally, a sharp increase in power tariffs has led to a cost increase across various products in the Rakholi plant.

**Despite the headwinds, the company continued on its transformation journey that it had begun in 2015.** There were a lot of positive developments that took place during the year. Some of the key highlights include:

1. The Palghar plant as well as the Rakholi plant has an entirely new senior management structure in place capable of managing the complexities that business from new international customers will bring. The team consists of professionals who bring with them a fresh global perspective and experience of several years having worked in the industry not just in India but also companies outside of India.

2. The sales and business development team is now complete. We have created 6 new verticals during the last year. There are exciting possibilities of new products as well as new customers in each of these verticals.

3. The business has started to form relationships with several new global multi-national customers across segments. It is heartening to see how we have ramped up production with a few important customers and have started to occupy a strategic position in their sourcing strategy. Sampling has been initiated with a vast array of customers and over a period of time, investment in sampling and product development will likely start paying rich dividends.

4. While we are nowhere close to our ultimate goal, good progress has been made in establishing systems across the company. The product development, process control and production planning department – functions which did not exist in the company until three years back are now established. This is an extremely important step in transitioning from a commodity make-to-stock company to a specialized make-to-order company working in close coordination with the customer.

5. **Several new products such as Silque, Comfeel, Novacore and Sorenyl have been commercialized** this year and have **started garnering bulk commercial orders from customers.**

At the same time, there are a lot of challenges stands even today. Strategic non-commodity customers demand higher quality & more consistency in products. As we try to widen our base of customers, we will simultaneously need to further upgrade our capability. The same quality that was acceptable to commodity product customers is not acceptable in exports. This has led to a higher amount of downgrades and leftover generation. While this is a challenge that we need to overcome, it also presents us with an opportunity to improve profitability. There are a few other levers to improve our profitability:

1. We have been grappling with **low utilizations in the Palghar plant.** The earlier challenge was bringing orders but we seem to have overcome that issue. The key challenge now is to de-bottleneck upstream processes and ensure we get full throughput from the plant. Increasing our volumes by just 20% can increase profitability by more than 60%. Similarly, there is a potential to increase throughput by upto 10% in the textiles business. While the operating leverage might not be as high, it will nonetheless contribute disproportionately to the bottom line.

2. **Product Mix change in Textiles** – while we do have the overhang of losing a good share of business to a large customer due to them backward integrating, the business development efforts should slowly lead to us getting better margin business over time in lieu of breakeven or negative margin products

3. The **BCF capacity expansion** should add to volumes and profitability towards the latter end of the year.

4. Finally, there are various **cost reduction initiatives** that we have taken up including but not limited to reducing cost of utilities such as steam as well as development of new suppliers.

As a company, we have faced a lot of headwinds together in the past two years. Much of the heavy lifting has been done during this period but we might still have some pain ahead of us. **At the end of this phase, however, we would have laid the foundations of our next chapter of growth, which will, this time be driven not by market dynamics but by new products, new segments, and a newer business model of an intimate relationship with strategic customers.** What we are trying has not been done before and as a result there might be missteps along the way.

On a final note, I would also like to take this opportunity to once again thank all the members of the AYM family for their continuous dedication and relentless efforts in the face of all these challenges committing to this difficult journey. The external environment has not made our journey any easier but I believe it is our collective patience and persistence that will ultimately see us through.

Best Regards,

**Abhishek Mandawewala**

# Key Financial Highlights

| Net Sales | ₹ Cr |
|---|---|
| FY 12-13 | 776.1 |
| FY 13-14 | 896.4 |
| FY 14-15 | 834.9 |
| FY 15-16 | 800.9 |
| FY 16-17 | 779.3 |
| FY 17-18 | 850.4 |

| Export % to Turnover | % |
|---|---|
| FY 12-13 | 27 |
| FY 13-14 | 24 |
| FY 14-15 | 22 |
| FY 15-16 | 25 |
| FY 16-17 | 21 |
| FY 17-18 | 32 |

| EBIDTA / Turnover | % |
|---|---|
| FY 12-13 | 6.4 |
| FY 13-14 | 7.0 |
| FY 14-15 | 10.4 |
| FY 15-16 | 13.5 |
| FY 16-17 | 13.0 |
| FY 17-18 | 8.2 |

| PAT | ₹ Cr |
|---|---|
| FY 12-13 | 16.0 |
| FY 13-14 | 19.7 |
| FY 14-15 | 42.8 |
| FY 15-16 | 47.8 |
| FY 16-17 | 40.0 |
| FY 17-18 | 7.9 |

| Return on Capital Employed (ROCE) | % |
|---|---|
| FY 12-13 | 11.4 |
| FY 13-14 | 13.6 |
| FY 14-15 | 19.6 |
| FY 15-16 | 21.6 |
| FY 16-17 | 15.6 |
| FY 17-18 | 7.0 |

| Market Capitalization | ₹ Cr |
|---|---|
| FY 12-13 | 50.2 |
| FY 13-14 | 30.1 |
| FY 14-15 | 134.8 |
| FY 15-16 | 378.5 |
| FY 16-17 | 312.7 |
| FY 17-18 | 235.4 |

| KEY RATIOS | FY 12-13 | FY 13-14 | FY 14-15 | FY 15-16 | FY 16-17 | FY 17-18 |
|---|---|---|---|---|---|---|
| **Debt Equity Ratio** | **2.16** | **1.99** | **1.18** | **1.11** | **1.12** | **0.96** |
| Current Ratio | **0.89** | **0.91** | **1.15** | **1.24** | **1.23** | **1.20** |
| Net Debt / EBIDTA* | **4.32** | **3.50** | **2.22** | **2.15** | **2.40** | **3.81** |
| **Debt Service Coverage Ratio** | **0.89** | **0.98** | **1.64** | **1.60** | **1.57** | **1.00** |
| Interest Coverage Ratio | **1.86** | **1.84** | **2.79** | **3.92** | **3.12** | **1.30** |
| Fixed Assets Coverage Ratio | **1.69** | **1.55** | **1.75** | **1.51** | **1.76** | **1.96** |

*Net Debt includes interest bearing acceptances
Figures for FY 17-18 and FY 16-17 are as per Ind AS; figures for earlier years are as per Indian GAAP

# Quarterly Financials

**2017 - 2018**

₹ Cr

| PARTICULARS | Three Months Ended | | | | Annual |
|---|---|---|---|---|---|
| | 30-Jun-2017 | 30-Sep-2017 | 31-Dec-2017 | 31-Mar-2018 | FY 2018 |
| **Total Revenue** | **205.0** | **190.6** | **227.1** | **227.7** | **850.4** |
| Other Income | 2.6 | 0.8 | 1.2 | 1.1 | 5.6 |
| Total Expenditure | 192.4 | 175.0 | 209.5 | 209.7 | 786.7 |
| **Earning Before Interest, Tax, Depreciation & Amortization (EBITDA)** | **15.2** | **16.4** | **18.8** | **19.0** | **69.3** |
| Finance Charges | 6.2 | 6.2 | 7.3 | 8.2 | 27.9 |
| Depreciation | 8.4 | 7.8 | 8.3 | 8.5 | 33.0 |
| **Profit Before Tax (PBT)** | **0.5** | **2.4** | **3.2** | **2.3** | **8.4** |
| Tax Expense (net of MAT credit Entitlement) | (0.1) | 1.0 | 0.7 | (1.1) | 0.4 |
| **Profit After Tax (PAT)** | **0.7** | **1.3** | **2.5** | **3.5** | **8.0** |
| Other comprehensive income (net of tax) | (0.1) | 0.0 | (0.2) | 0.3 | (0.1) |
| **Total comprehensive income** | **0.6** | **1.3** | **2.3** | **3.7** | **7.9** |
| Equity Share Capital | 39.2 | 39.2 | 39.2 | 45.6 | 45.6 |
| **Earning Per Share (EPS) - ₹** | **0.2** | **0.3** | **0.6** | **0.9** | **2.0** |

**2016 - 2017**

₹ Cr

| PARTICULARS | Three Months Ended | | | | Annual |
|---|---|---|---|---|---|
| | 30-Jun-2016 | 30-Sep-2016 | 31-Dec-2016 | 31-Mar-2017 | FY 2017 |
| **Total Revenue** | **202.0** | **207.2** | **177.6** | **192.5** | **779.3** |
| Other Income | 1.3 | 1.5 | 0.4 | 0.6 | 3.8 |
| Total Expenditure | 170.9 | 178.8 | 160.4 | 171.9 | 682.0 |
| **Earning Before Interest, Tax, Depreciation & Amortization (EBITDA)** | **32.4** | **29.9** | **17.6** | **21.2** | **101.1** |
| Finance Charges | 6.3 | 5.8 | 5.3 | 5.3 | 22.7 |
| Depreciation | 6.9 | 7.5 | 8.0 | 7.9 | 30.3 |
| **Profit Before Tax (PBT)** | **19.2** | **16.6** | **4.3** | **8.0** | **48.1** |
| Tax Expense (net of MAT credit Entitlement) | 4.6 | 4.0 | (0.4) | (0.6) | 7.6 |
| **Profit After Tax (PAT)** | **14.6** | **12.5** | **4.7** | **8.7** | **40.5** |
| Other comprehensive income (net of tax) | 0.0 | (0.1) | (0.0) | (0.5) | (0.5) |
| **Total comprehensive income** | **14.6** | **12.5** | **4.7** | **8.2** | **40.0** |
| Equity Share Capital | 39.2 | 39.2 | 39.2 | 39.2 | 39.2 |
| **Earning Per Share (EPS) - ₹** | **3.7** | **3.2** | **1.2** | **2.2** | **10.3** |

* Figures of 2016-17 have been restated as per Ind-AS

# Corporate Information

## Board of Directors

**Mr. R. R. Mandawewala, Chairman**
Mr. Abhishek Mandawewala, MD & CEO
Mr. Atul Desai
Mr. Mohan Tandon
Mr. K. H. Viswanathan
Ms. Mala Todarwal

## Chief Financial Officer

Mr. Himanshu Dhaddha

## Company Secretary

Mr. Kaushik N. Kapasi

## Auditors

Price Waterhouse,
Chartered Accountants, LLP

## Internal Auditors

Suresh Surana & Associates LLP

## Cost Auditors

Kiran J Mehta & Co.

## Secretarial Auditor

A. L. Makhija & Co.

## Bankers

Bank of Baroda
State Bank of India
IDBI Bank Limited
Central Bank of India
Karur Vysya Bank

## Details of Committees

### Audit Committee

**Mr. Atul Desai, Chairman**
Mr. K. H. Viswanathan
Mr. M. K. Tandon
Ms. Mala Todarwal

### Nomination and Remuneration Committee

**Mr. Atul Desai, Chairman**
Mr. R. R. Mandawewala
Mr. K. H. Viswanathan
Mr. M. K. Tandon
Ms. Mala Todarwal

### Stakeholders Relationship Committee

**Mr. Atul Desai, Chairman**
Mr. R. R. Mandawewala
Mr. Abhishek Mandawewala

### Corporate Social Responsibility Committee

**Mr. Atul Desai, Chairman**
Mr. R. R. Mandawewala
Mr. Abhishek Mandawewala

## Registered Office

Plot No.1, Survey No. 394 (P),
Village Saily, Silvassa,
Union Territory Of Dadra &
Nagar Haveli – 396 230

## Corporate Office

B/9, Trade World,
Kamala Mill Compound,
Senapati Bapat Marg,
Lower Parel (W), Mumbai - 400013

## Website

www.aymsyntex.com



# STATUTORY REPORT


12 Director's Report

18 Management Discussion & Analysis

34 Corporate Governance Report

# DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present 35th Annual Report together with Audited Statement of Accounts of the Company for the year ended 31st March 2018. These financial statements are the first financial statements of the Company under Ind AS.

## I. Financial Highlights

(₹ in Lakhs)

| | 2017-18 | 2016-17 |
|---|---|---|
| Revenue from operations (Net of Excise*) | 85,041.57 | 77,934.09 |
| Other Income | 558.95 | 378.47 |
| Total revenue | 85,600.52 | 78,312.56 |
| EBIDTA | 6,933.77 | 10,108.95 |
| EBIDTA Margin (%) | 8.20 | 13.00 |
| Finance Costs | 2,792.76 | 2,272.52 |
| Depreciation and amortization expense | 3,297.38 | 3,027.25 |
| **Profit before tax** | **843.63** | **4,809.18** |
| Current tax | 182.70 | 984.49 |
| Deferred tax | (139.12) | (229.18) |
| Profit after tax | 800.05 | 4,053.87 |
| Other comprehensive income for the year, net of tax | (5.87) | (53.41) |
| **Total comprehensive income for the year** | **794.18** | **4,000.46** |
| Earning per share (Basic & Diluted) ₹ | 2.02 | 10.33 |

* Revenue from operations includes other operative income.

## II. Dividend

In order to conserve resources of the Company, the Board has not recommended dividend on equity shares.

## III. Performance and Outlook

During the year under review, revenue from operations (Net of Excise) & other operative income at ₹ 85,041.57 Lakhs was as compared to ₹ 77,934.09 Lakhs for previous year. Exports during the financial year 2017-18 were of ₹ 27,398.35 lakhs as compared to ₹ 16,665.28 lakhs during the previous year.

Performance of textile industry was affected due to introduction of The Goods and Service Tax (GST) during the year, lingering impact of demonetization of certain currency note in the previous year and increase in price of Nylon chips, the raw materials for Nylon yarn.

The Surat based textile industry reeled under GST impact, utilization of production capacity was therefore down during the year. Several traders and weavers did not initially get registered under GST, thereby affecting sales. Strike by textile industry in Surat and other places for protesting GST has affected sales of high margin products.

Increase in prices of the raw materials due to increase in price of crude has affected performance of the Company.

The Company now concentrates on polyester yarn rather than Nylon yarn, production of high quality products, increasing efficiency and utilisation of installed capacity, increase in customers and exports, etc.

The Company continuously develops new products to have better margin of profits.

The expansion project at an estimated project cost of ₹ 76.50 crores for installation of spinning line, texturised machinery, sewing thread set up is under progress and is likely to be completed by the end of September 2018.

The Company has further undertaken expansion programme at an estimated project cost of ₹ 119 Crores to increase capacity of BCF yarn, manufacture new products by installing high tenacity lines, Nylon POY line, texturised machine, sewing thread set up and multiple yarn machines.

During the year, your Company's long term credit rating and short term credit rating has been reaffirmed by CARE as CARE A and CARE A1 respectively. India Rating and Research Private Limited has reaffirmed rating of IND A for long term loans and fund based working capital facilities and IND A 1 for non-fund based working capital facilities.

**Share Capital and Listing**

a. Preferential issue of equity shares

63,50,000 equity shares of ₹ 10 each at a premium of ₹ 65 each issued and allotted to Mandawewala Enterprises Limited on preferential basis has been listed by BSE on 26th April 2018 and NSE on 13th April 2018.

43,16,666 warrants of ₹ 75 each issued

and allotted to Mandawewala Enterprises Limited are convertible into equity shares of ₹ 10 each at premium of ₹ 65 per share at the option of holder of the warrant in the ratio of 1:1 within 18 months from the date of allotment.

There is no deviation in the utilization of funds raised through the said equity/warrant from the purpose mentioned in the explanatory statement of the Notice convening Extra Ordinary General meeting held on 28th February 2018.

**b. Issue of Employee Stock Options**

The Shareholders of the Company has approved AYM ESOP scheme 2018 ("the scheme") for issue of 9,80,989 equity shares under the scheme at Extra Ordinary General Meeting held on 28th February 2018; BSE has accorded In-principle approval for issue and allotment of the said shares on 26th April 2018 and NSE approved on 27th April 2018.

Your Director's at their meeting held on 13th August 2018 has granted 980,800 Equity Shares of ₹10 each at par under the said scheme to managerial personnel of the Company, vesting period is over a period of 5 years as per the scheme.

**IV. Directors' Responsibility Statement**

a. In the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

b. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March 2018 and of the profit and loss of the Company for that period;

c. The Directors had 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 had 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 that such internal financial controls are adequate and were operating effectively; and

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

**V. Disclosure as Required Under the Companies Act, 2013**

a. Mr. Atul Desai, Mr. M. K. Tandon, Ms. Mala Todarwal and Mr. K. H. Viswanathan, the independent Directors have given declaration that they met the criteria of independent Directors as provided in sub section 6 of Section 149 of the Companies Act, 2013;

b. Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of section 178 is placed on website of the Company and web link thereto is http://www.aymsyntex.com/uploads/slider/nomination-and-remuneration-policy_asl-1-0152884001473234325.pdf

c. In compliance with the Act and SEBI (LODR) Regulation, 2015, the Board of Directors, as per the process recommended by the Nomination and Remuneration committee, has evaluated the effectiveness of the Board, its committees and individual Directors and all the results were satisfactory;

d. The CSR policy of our Company as approved by the Board of Directors' is hosted on the Company's website and web link thereto is http://www.aymsyntex.com/userfiles/file/CSR%20Policy.pdf. Disclosure as required under Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014 is annexed as Annexure A;

e. Meeting of Board of Directors were conducted six times during the financial year 2017-18.

f. The Company is a subsidiary of Mandawewala Enterprises Limited.

g. Ratio of remuneration of Mr. B. A. Kale (Upto 6th May 2017) and Mr. Abhishek R. Mandawewala, the Directors to the median employee's remuneration and other details are as under:

| Name | Designation | Remuneration | % Increase | Ratio of Remuneration to Median Remuneration of employees (No. of times) |
|---|---|---|---|---|
| Mr. B.A. Kale | Executive Director (upto 6th May 2017) | 138.57 | NA[1] | 102.06 |
| Mr. Abhishek Mandawewala | Managing Director and CEO (w.e.f. 6th May 2017) | 117.70 | 3.9% | 66.09 |
| Mr. Himanshu Dhaddha | Chief Financial Officer | 67.22 | NA[2] | 37.75 |
| Mr. Kaushik Kapasi | Company Secretary | 41.94 | NIL | 23.55 |

1. Resigned w.e.f. 6th May 2017 and hence % increase is not computable.
2. Joined on 8th November 2016 and hence %increase is not computable.

Notes :

i. Average increase in remuneration of employees other than managerial personnel : 6.0% and managerial persons :3.0%

ii. The number of permanent employees on the rolls of Company: 1594

iii. The percentage increase in the median remuneration of employees in FY 2017-18 was 4.8%.

iv. Affirmation that the remuneration is as per the remuneration policy of the Company.

h. Mr. Abhishek R. Mandawewala, Managing Director & CEO and Mr. B. A. Kale, Executive Director (upto May 6 2017) of the Company have not received any remuneration from Mandawewala Enterprises Limited, the holding company.

i. Details in respect of adequacy of Internal Financial Controls (IFC) with reference to the Financial Statements:

Your Company has designed and implemented a framework for internal finance controls and the same are adequate and were operating effectively. The Company periodically reviews the internal controls to align it with the changing business needs and to improve governance and enhance compliance with evolving regulation.

Your Company has well documented Standard Operating Procedures (SOPs) for various processes which are periodically reviewed for changes warranted by business needs. The Internal Auditors continuously monitor the efficiency of the internal controls / compliance with the SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the organisation's risk management, control and governance processes.

For the year ended 31st March 2018, the Board is of the opinion that your Company has sound IFC commensurate with the nature of its business operations, wherein adequate controls

are in place and operating effectively and no material weakness exists. Your Company has a process in place to continuously monitor existing controls and identify gaps and implement new and / or improved controls wherever the effect of such gaps would have a material effect on your Company's operation.

j. Particulars of contracts or arrangements with related parties:

All related party transactions that were entered into during the year under report were on an arm's length basis and were in the ordinary course of business, to serve mutual need and mutual interest. Form AOC 2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 is annexed as Annexure B. The Audit Committee has given its omnibus approval which is valid for one financial year. Your Company's policy on related party transactions as approved by the Board is hosted on your Company's website and a weblink thereto is http://www.aymsyntex.com/uploads/slider/related-parties-transaction-policy_asl-0334404001465570841.pdf. The details of the related party transactions are set out in Note 47 to the financial statements forming part of this report.

k. Particulars of loans, guarantees or investments under section 186:

The Company has not granted any loans or provided any guarantees or security under section 186 of The Companies Act during the financial year. However, the Company has made investment of ₹70,75,880/- by acquiring 7,07,588 class A Equity Shares of ₹10 each of Sai Wardha Power Generation Limited during the financial year. The said investment is included under the heading Security Deposit under Note-15 in the Financial Statements in accordance with the requirements of Ind AS - 32 'Financial Instrument'.

l. Details of establishment of vigil mechanism for Directors and employees as per Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements), 2015:

The Company has a Whistle Blower Policy and Vigil Mechanism for its Directors and employees and no personnel have been denied access to Mr. Atul Desai, Chairman of the Audit Committee.

**VI. Extract of Annual Return**

An extract of Annual Return report in Section 92 of The Indian Companies Act, 2013 is placed on website of the Company and a weblink thereto is: http:\\www.aymsyntex.com/uploads/slider/doc00901720180810172707.pdf.

**VII. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

a. Conservation of energy:

i. The steps taken or impact on conservation of energy:

The Company has taken several steps for improving efficiency of Utilities, repairing insulation lines, attending air leakage in POY division and Utility, etc. and saved 4473 units per day at Rakholi plant.

ii. The steps taken by the Company for utilizing alternate sources of energy: Nil

iii. The capital investment on energy conservation equipments: Nil

**b. Technology absorption:**

i. The efforts made towards technology absorption: Nil

ii. The benefits derived like product improvement, cost reduction, product development or import substitution: Nil

iii. In case of imported technology (imported during the last three

years reckoned from the beginning of the financial year): Nil

iv. Research and Development expenditures:

₹ in Lakhs

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Revenue expenditure | 592.79 | 621.27 |
| Capital expenditure | 513.99 | 649.72 |
| **Total** | **1106.78** | **1270.99** |

**c. Foreign Exchange Earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Earning in Foreign exchange – ₹ 27398.35 Lakhs

Outgo in Foreign exchange – ₹ 22029.44 Lakhs

## VIII. Directors/ Key Managerial Personnel (KMP)

Mr. Abhishek R. Mandawewala being the longest in duration is liable to retire by rotation at the 35th Annual General Meeting. He holds the office of Managing Director and CEO upto 31st July 2018. The Board of Directors at their meeting held on 21st May 2018 reappointed him as a Managing Director & CEO for a further period of three years with effect from 1st August 2018.

Mr. K. H. Viswanathan has been reappointed as an independent Director for the second term with effect from 1st August 2018 for a period of five years by the Board of Directors at their meeting held on 21st May 2018.

Board has recommended the aforesaid re-appointment of Mr. K. H. Viswanathan and Mr. Abhishek R. Mandawewala.

## IX. Committees of the Board of Directors

Information on the Audit committee, the Nomination and Remuneration committee, the Stakeholders Relationship committee, the Corporate Social Responsibility committee and meetings of those committees held during the year is given in the Corporate Governance Report forming part of this Report.

## X. Deposits

The Company has not accepted any deposit within the meaning of the Chapter V to Companies Act, 2013. Further, no amount on account of principal or interest on deposit was outstanding at the end of the year under report.

## XI. Auditors

Price Waterhouse Chartered Accountants LLP the statutory auditors holds office of auditors for a period of five years from 28th September 2017, the conclusion of 34th Annual General Meeting till the conclusion of 39th Annual General Meeting.

## XII. Cost Auditor and Cost Records

As per Section 148 and other applicable provisions, if any, of the Act read with Companies (Audit and Audiotrs) Rules, 2014, the Board of Directors of your Company has reappointed M/s. Kiran J. Mehta & Co., Cost Accountants as the Cost Auditors of your Company for FY 2018-19 at remuneration of ₹ 1.10 lakhs per annum on the recommendations made by the Audit Committee.

Members are requested to ratify their remuneration by passing an ordinary resolution in the forthcoming Annual General Meeting.

## XIII. Corporate Governance

A separate report on Corporate Governance is annexed hereto as a part of this Report. Management Discussion and Analysis Statement is separately given in the Annual Report. A certificate from the auditors of the Company regarding compliance of conditions of Corporate Governance as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this report.

## XIV. Auditors' Report

There is no qualified opinion in the Auditors' Report.

We refer to para i (c) of Annexure B of Independent Auditor's Report and state that the Company is in the process of executing document to transfer freehold land in respect of two plots of ₹ 20.04 Lakhs (net block) in the name of the Company. The Company is in possession of land without any interference for more than 12 years. Further in respect of documents of title deeds of six residential flats of ₹ 10.18 lakhs (net block), we clarify that the said flats are in the name of the Company and the Company is in the process of tracing the physical agreements of the

said flats.

**XV. Secretarial Audit Report**

A Secretarial Audit Report given by Mr. A. L. Makhija, the Company Secretary in practice is herewith annexed as Annexure C.

**XVI. Risk Management Policy**

The Company has evolved risk management policy identifying primary risk and secondary risk. Primary risk includes manpower development, product efficiency, pace of development of new products, competition. Board has not identified any risk which threatens the existence of the Company.

**XVII. Familiarization Program for Independent Directors (Regulation 46 of SEBI (LODR), 2015)**

The details of familiarization program (for independent Directors) is disclosed on the Company's website and a web link thereto is http://www.aymsyntex.com/uploads/slider/familiarisation-policy_asl-0696954001465570802.pdf

**XVIII. Code of Conduct**

The Company has Code of Conduct for Board members and Senior Management personnel. A copy of the Code of conduct has been put on the Company's website for information of all the members of the Board and management personnel and a weblink thereto is http://www.aymsyntex.com/ uploads/slider/code-of-conduct_asl-0346189001465455595.pdf.

All Board members and senior management personnel have affirmed compliance of the same.

**XIX. Particulars af Employees**

Details of every employee of the Company as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure D.

**XX. Prevention of Sexual Harassment at Workplace**

The Company has complied with the provisions relating to constitution of Internal Complaints Committee under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has adopted a policy on prevention of sexual harassment at workplace.

The Company is committed towards promoting the work environment that ensures every employee is treated with dignity and respect and afforded equitable treatment irrespective of their gender, race, social class, caste, creed, religion, place of origin, sexual orientation, disability or economic status.

During the year, the Company has received one complaint and appropriate action has been taken by the Company in this regard.

**XXI. Acknowledgement**

Your Directors take this opportunity to express gratitude for valuable assistance and co-operation extended to the Company by Financial Institutions, Commercial Banks and other authorities. Your Directors also wish to place on record sincere appreciation of the dedicated services, hard work, solidarity and profuse support of all the employees of the Company.

For And On Behalf of the Board of Directors

Rajesh R Mandawewala
Chairman
DIN: 00007179

Place: Mumbai
Date : 13th August 2018

# MANAGEMENT DISCUSSION & ANALYSIS

This discussion covers the financials results, operational performance and other developments for the year ended 31st March 2018 in respect of AYM Syntex business. The Management Discussion and Analysis (MD&A) should be read in concurrence with the Audited Financial Statements of AYM Syntex Limited, and the notes for the financial year 2017-18.

Some statements in this discussion describing projections, estimates, expectations or outlook may be forward looking. Actual results may, however, differ materially for those stated on account of various factors such as changes in government regulations, tax regimes, economic developments, exchange rate and interest rate movements, impact of competing products and their pricing, product demand and supply constraints within India and the countries within which the company conducts its business. The Company assumes no responsibility to publicly amend, modify or revise any forward - looking statements, on the basis of any subsequent developments, information or events.

## Economic Overview

### Global Economy

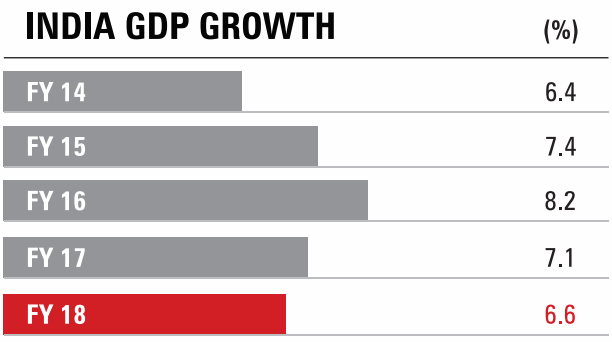
Global economy moved from the year of unstable growth and heightened uncertainty to the path of revival in 2017. Global GDP is estimated to have grown at the rate of 3.8% in 2017, the fastest since 2011. The growth was a result of strong recovery in investments and broad-based improvements in trade.

Although the momentum was led by emerging economies in Asia, wide-ranging revival in investment spends in advanced economies and stabilizing investments in select commodity-exporting economies were also major catalysts behind this broad-based improvement. In addition, the commodity prices increased sharply in the second part of the year 2017, led by petroleum, helping growth in exporter countries.

Going forward, International Monetary Fund projects this momentum in growth will persist in the short term. Global growth has eased but remains robust, although with downside risks. Despite projections of further economic recovery across the globe, a fear of intensifying trade wars looms across the world. In the medium term, the global outlook remains uncertain, due to lingering concerns in global markets like possibility of financial market stress, escalating trade protectionism & heightened geopolitical tensions. Global growth is projected to reach 3.1% in 2018. It is expected to edge down over the next two years as global slack dissipates, trade & investment moderate, & financing conditions tighten.

### Indian Economy

The year 2017 was marked by major challenges — the post demonetization slowdown, initial troubles of Goods and Service Tax (GST) migration, & rising input costs which impacted the Economy, resulting in a GDP growth of 6.6% in FY 18 as compared to 7.1% in FY17, although it continues to be among the world's fastest growing major economies. However, with increased consumption & industrial output improving off late coupled with implementation of key reforms like GST, the electronic waybill, the Insolvency & Bankruptcy Code (IBC) & the Real Estate Regulatory Authority (RERA) bill, recapitalization of public sector banks, among others, have brought about a major economic overhaul in later part of the year. Such measures have helped in greater economic formalization, & going forward, further positive effects are expected to materialize from them. India was also ranked at the 100th position, up 30 places, in the World Bank's Ease of Doing Business 2017 rankings.




*Source: Asian Development Bank*

India's currency has faced considerable volatility for most part of the year vis-à-vis the US dollar; however the last quarter saw a sharp depreciation of the rupee against the dollar. Recent depreciation in the currency is expected to be beneficial for exporters, who have been impacted by the transitory effects of GST implementation.

Looking ahead, GST should help transform and strengthen the overall business environment in the long-term by acting as an enabler of growth for the organized sector, while bringing the unorganized sector into the formal economy. India's growth in the current fiscal will be buoyed by an increased demand in the rural economy and consumption, Government focus on increasing employment opportunities, developing infrastructure and improving business ecosystem As per the latest estimates by Asian Development Bank (ADB), India's economy has bottomed out from the deceleration caused by one-time policy events.

The economy is now expected to re-emerge as the fastest growing one in Asia and clock 7.3% rise in GDP in the current fiscal and further accelerate to 7.6% in FY 20.

However, macro challenges like rising oil prices and trade protectionism, possibility of tightening of monetary conditions by developed economies could have a dampening effect on exports growth and capital inflows.

# Industry Overview

## Global Textile Industry

With Global economy showing signs of improvement, the textile industry was also expected to witness growth across developed and emerging markets. The year 2017 saw several developments in the global textile, apparel, fashion and retail industry with governments of as well as developed announcing incentives and benefits to boost the industry. According to the latest WTO data, textile trade has touched US$ 748 billion. Of the total trade, clothing and apparel US$ 456 billion, while remaining US$ 292 billion was for textile trade. In case of yarn exports, the share of Asia has increased from 48% in 2005 to 70%in 2017. Growth in global textile trade indicates an attractive opportunity for countries with large manufacturing hubs and competitive advantage. Developing countries like China, India, Vietnam & Bangladesh lead the Textile and Apparel exports as major manufacturing activities are concentrated in these regions on account of cost competitive advantage.

The global textiles trade is projected to grow at a CAGR of 3% over 2016-26. Fabric is expected to lead the category followed by the yarns and fibre. Textile trade which touched US$ 748 billion is one of the world's most globalized and economically important sectors in the 21st century. Globally, over 120 million people remain directly employed in the T&A industry. However the major challenges includes a few importing country's fiscal stability as well as national protectionist policies.

**Key Strengths & Weakness of Global Textile Industry:**

**STRENGTHS**

- **Strong long-term demand potential as clothing consumption in emerging markets is likely to take a greater share of household spend**
- **Global rebound in the luxury goods segment after a plateau period**
- **Largest employment generation sector**
- **Increase in emerging market demand with increase in income & consumption**

**WEAKNESSES**

- **Decreasing length of fashion cycles giving rise to sustainability issues**
- **Over-saturation of the retail space in the context of digitalization**
- **National Protectionist Policies**

## Domestic Textile Industry

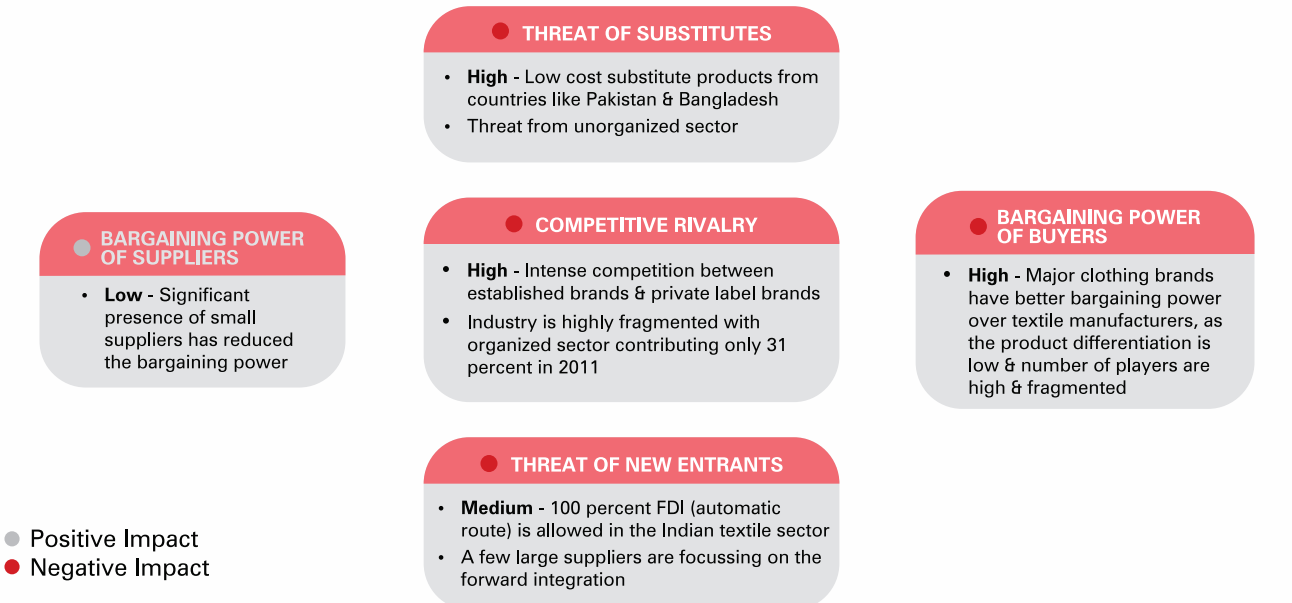
Indian textiles industry is one of the largest & oldest in the country. The sector showcases rich cultural heritage and traditional designs blend with modernity, making its products popular across the globe. India has diverse presence of natural & manmade fibers & the entire value chain exists in the country.

In the last five years, the sector has shown an average growth of 6%. The Textile sector plays an important role in the national economy owing to its major contribution to the GDP, industrial production, employment generation & export revenue generation. The textile industry contributes 14% of India's industrial production, 4% of its GDP & 15% of Country's total export. It is a labour intensive sector & generates huge employment both for skilled & unskilled labour. The sector directly employs more than 45 million people & hence is regarded as one of the largest employment generating sectors in the nation after agriculture. India exports large amount of textiles & garments currently standing at $36.6 billion.

The fundamental strength of the textile industry is its strong production base of wide range of fibres & yarns. The challenge here is the fluctuation in prices of raw materials, increase in oil prices which increase the input costs. Meeting the repercussions of currency fluctuations also remains a challenge.

The year 2017 was a mixed bag for the domestic textile industry. On one hand, Indian economy embraced the biggest economic reform of GST within a year of demonetization which is expected in the long run to provide a big boost towards economic inclusion of a largely unorganized textile sector. However, on the other hand, teething issues in GST transition like rate mismatches, discontinuance/reduction of earlier incentives, inverted duty structure, slow pace of refunds for exporters & that to at a time when industry was just trying to recover from effects of demonetization was a double whammy during the first part of the year. While the exporters are still bleeding following the impact of GST resulting in exports missing the US$ 45 billion target set for 2017-18, the domestic industry has gradually started picking up to a steady growth despite the difficult scenario in the later part of the year.

With the expectation of good monsoon, streamlining the implementation of GST, increase in per capita income of the masses, the future of Indian textile Industry looks promising. The textile industry is an integral part of India's development because of its role in earning foreign exchange & generating employment for the country. Thus, the Central Government plans to finalize & launch a new textile policy, with the objective of achieving US$ 300 billion worth of textile exports by 2024-25 & creating an additional 35 million jobs.




Source: PricewaterhouseCoopers, Techopak

## Business Overview

FY18 was a challenging year for the Indian economy and our business on the backdrop of structural reforms and a challenging input cost environment. While we faced lot of headwinds, including, lingering effects of demonetization, transition to GST, currency fluctuation, unprecedented volatility in raw material prices and other input costs, excess capacity in the market contributing to the slow down etc, we continued our focus on the journey of transformation, changing the product mix, increasing share of differentiated products and investment towards future expansion along with relentless focus on execution and cost management to manage the headwinds which could reflect a positive change in coming years. For the full year, sales have grown in value and volumes but profits have declined year-on-year. Although introduction of GST is a welcome step towards greater economic and market formalization, the initial non acceptance and rate differential between yarn and fabric along with denial of accumulation of input tax credit for fabric manufacturers created the pressure on demand in the domestic market. Moreover GST brought along with it the discontinuance of tax incentives that the company enjoyed earlier, delays in refund of credits in case of exports, further impacting the bottom-line as well as liquidity. AYM has four different categories of the business, each one of which forms the significant part of the topline.

### Nylon

As the Nylon segment tried to overcome the lingering effect of demonetization in the year, it got impacted by introduction of GST with its side effects, extreme volatility in raw material prices during the year as well as a sharp influx of new capacity in the segment leading to scenario of demand supply mismatch thereby dragging the profitability. Moreover, during the year anti dumping duties on Nylon which was there for over a decade got discontinued thereby opening up imports from China, Taiwan and Korea. Nylon segment has moved from contributing significantly to the P&L to dragging the bottom line. Further, a sharp increase in power tariffs has led to a cost increase across various products in the Rakholi plant. The company plans to transform the product and customer mix of the company from commodity Nylon space into more profitable products of Nylon as well as polyester and increase the share of exports in line with a profitable sustainable growth for future.

### Polyester

The company tried to shift some exposure in the commodity Nylon space to the Polyester business, as it is better of two in terms of sustainability and margins. The polyester segment registered decent progress in FY 18 in terms of quality enhancements and new product development in different categories like Industrial Yarn (IDY) and automotive, however got impacted initially on account of loss of incentives with introduction of GST and overall input costs increase at plant. We got success in adding few prestigious customers during the year in this part of the business & these could be good sizeable part of business going forward as here we are directly competing with European suppliers.

### Conventional Dyeing

Conventional dyeing business of the company is hosted at the Palghar plant, which during the year stood similar to last year in terms of volumes on account of domestic sales getting affected initially with the introduction of GST. The margins have affected in the later half of the year on account of increase in operating costs like dyes due to shortage of supply, power tripping issues and labour shortage besides increase in power costs on account of additional levy by State Government on open access. The plant continued to operate at significantly lower utilization levels as compared to installed capacity which will improve by de-bottlenecking upstream processes and ensuring full throughput from the plant as well as having the healthy order book .

In order to improve the product mix – lot of sampling took place at Palghar with different strategic customers & we indeed got success in some of them which could turn big in the near future.

**Bulk Continuous Filament Yarn (BCF)**

The Company further added small capacity in this segment during the year in order to reinforce its market leadership in India in selling BCF yarns. A lot of focus on quality & branding over the last few years has started giving positive results in this year. After three years of efforts to enter the market of solution dyed Nylon space, the same got commercialized during the year. We were also able to commercialize our new product 'Comfeel' in this space & early traction towards the product looks very exciting. The strength of the business increased with addition of strategic customers with sustainable long term visibility & reduction of commodity business in the domestic market. The margins can further accelerate with incremental focus on utilizations and efficiencies at the plant.

Company is also adding capacities in coming year in this area and hopefully will be able to run the additional capacity at optimum levels. The focus going forward is to increase volumes on these two to three new products which we have developed in last year or so.

AYM business continued on its transformational journey which was started about three years back & while there is still a lot to go, the focus is on Innovation, New Product Development (NPD) and inclining the mix towards differentiated products which has high entry barriers and quality requirements.

To achieve this, the company has put in place the adequate team during the year in sales as well as at plant which will fuel the growth and establish systems across the company to enable us to work in close coordination with the customers. Several new products were also launched during the year like **Comfeel, Silque, Novacore** and **Sorenyl** in different segments of the business which can give sizeable volumes in coming years.

Our future growth and value creation will be driven by our differentiation strategy based on innovation, customer centricity, sustainability and focus on the exports market.

While the current inflationary input cost environment may impact profitability in the first half of next year, we believe that focus on BCF expansion with threshold margins and increase in volumes in different segments of textile business will make us stand in better state for us to deliver sustainable profitable growth in the medium term.

## Human Resources

AYM is at a juncture where it needs to attract top talent and find ways to nurture and enable them to deliver on the business goals consistently. At the same time, there has been a need to set a culture of accountability, appreciation, capability building and agility. We implemented a systematic performance management strategy, while investing heavily in human resource initiatives to attract and retain the best talent.

With this objective, last year AYM has taken several steps in this direction, like building depth of talent across levels to build capability for business by recruiting top notch talent. Seasoned professionals with past experience in the best of organizations in India and abroad were onboarded at manufacturing units and head office. Notably, Rakholi plant saw sizeable talent acquisition across all levels. Employer branding efforts were made on social media, which helped us attract quality talent, notably at the entry level.

In order to maximize employee satisfaction, we provide comprehensive learning opportunities and good long-term prospects. The organization came up with a Rewards and Recognition Program, invested in top notch leadership building programs for the senior leadership by institutions like Franklin Covey and Hogan Assessments. Several other initiatives like engagement survey to access the engagement levels across the organization, leader speak series by both external and internal leaders were instituted, to widen the perspective of the team. Technical training schedules were organized for Rakholi plant which included visits to customer locations, operational excellence management and training by best-in-class certifying agencies.

Several other initiatives such as Kaizen, events around family engagement of operators introduced as well at the plant level.

Digitalization of HR is being undertaken by acquiring an HRMS partner to systemize

employee lifecycle processes & provide a platform for social collaboration. Regular communication through periodic internal newsletters on important milestones, key activities & record breaking performance have been shared and events are celebrated with employees from time to time.

Our focus over the next few years would be to Retain Talent, Strengthening Culture of Performance, Collaboration & Innovation, Robust Talent Management & creating a Future-Ready Organization.

## Risk Management

Risk is integral to any business and AYM is no exception. The company has incorporated processes and systems to proactively monitor, manage and mitigate these risks along with appropriate review mechanisms. The various factors that could impact business, going forward with its mitigation measures are discussed below:

## Internal Controls

AYM has in place an adequate internal control system, commensurate with the size & complexity of its operations, across the value chain to ensure that all assets are safeguarded & protected against loss from unauthorized use or disposition; all transactions are authorized, recorded & reported correctly & that operations are conducted in an efficient & cost-effective manner. The MIS forms an integral part of the Company's control mechanism and thus all operating parameters are monitored and controlled, with material deviations from the annual planning & budgeting.

The internal control procedures are augmented by an extensive program of internal, external audits

| Input Costs Price Volatility | Quality Risk | Competition | Talent Acquisition & Retention |
|---|---|---|---|
| Increasing share of value-added products & product differentiation<br><br>Maintaining cost competitiveness through regular efficiency improvement<br><br>Developing alternate source of vendor | Fully-equipped laboratory, strong technology backup<br><br>Capable quality team ensures quality of products<br><br>Firm quality measures in place | Enhancing the brand image of the Company by focussing on R&D, quality, cost, timely delivery & customer service<br><br>Changing the sales mixes from commodity to the specialized, differentiated products & quality conscious customers<br><br>Maintaining strong relationship with clients | Building depth of talent across levels to build capability<br><br>Launching various employee retention schemes like ESOPs<br><br>Employer branding efforts on social media to attract talent<br><br>Arranging employee engagement activities to strengthen relationships & develop a pleasant work environment |

| New Product Development Risk | Labour Availability | Change in Govt. Policies | Currency Movements |
|---|---|---|---|
| Cautious approach to new product introductions backed by an intense market study<br><br>Lot of prototypes & sampling to maintain a healthy pipeline & limit the downside risks<br><br>New investments only when the product is developed & commercially successful | Providing regular vocational training to employees to improve their skills<br><br>Focus on Improving labour retention & reducing attrition | Continuous monitoring of Govt. policies & takes measures to minimise any adverse impact<br><br>Diversification of sales across geographies as well as diversification of product offerings | Maintaining an equilibrium between exports receipts & import payments - a natural hedge against currency fluctuations<br><br>Taking forward contracts to safeguard against currency volatility<br><br>Encouraging sales in US Dollars as against local currency of export country |

covering all the major areas & processes in the review plan, drawn in consultation with the senior management. Standard operating procedure compliance & management-approved policies are reviewed & areas of improvement, if any, are identified. The statutory auditors, as part of their audit process, carry out a systems & process audit to ensure that the ERP & other IT systems used for transaction processing have adequate internal controls embedded to ensure preventive & detective controls. Internal audits are undertaken on a continuous basis, covering various areas across the value chain, such as procurement, manufacturing, supply chain, sales, marketing & finance.

For listed companies, the requirement is to have an IFC framework in place & ensure operating effectiveness of controls. AYM developed an IFC framework basis review of policies, procedures & processes & controls for each of the processes were documented. Design & operating effectiveness of controls was tested by the management & later audited by the statutory auditors.

The Company has an integrated approach in managing risks & has formulated the framework for regulatory & risk management & regulatory compliance, which requires risk assessments & related policies, a control-based environment & activities, information & communication procedures, & a monitoring mechanism for the control environment.

The management believes that strengthening internal controls system is a continuous process & therefore, it will continue its efforts to make the controls smarter, with a focus on preventive & automated controls as opposed to mitigating & manual controls.

## Financial Performance Overview

During the year ended 31st March 2018, the company registered revenue from operations of ₹ 850.4 crs, improved by 9% over previous year. The volume growth underlying this revenue growth improved by 10% over previous year. Profit after tax (PAT) for the year was ₹ 8.0 crs vs ₹ 40.5 crs in FY17.

The following tables summarize the results of operations for the year ended March 31, 2018:

| Particulars | FOR THE YEAR ENDING MARCH 31 | | | |
|---|---|---|---|---|
| | 2018 | | 2017 | |
| | ₹ Crores | % of Revenue | ₹ Crores | % of Revenue |
| Sales Volume (MT) | 49,984 | | 45,271 | |
| **Net Revenue from Operations** | **850.4** | | **779.3** | |
| **Expenditure** | | | | |
| Cost of Materials | 560.1 | 65.9% | 472.0 | 60.6% |
| Employee Costs | 65.8 | 7.7% | 58.4 | 7.5% |
| **EBIDTA margins** | **69.3** | **8.2%** | **101.1** | **13.0%** |
| Finance Charges | 27.9 | 3.3% | 22.7 | 2.9% |
| Depreciation | 33.0 | 3.9% | 30.3 | 3.9% |
| Tax | 0.4 | 0.1% | 7.6 | 1.0% |
| **Profit After Tax** | **8.0** | **0.9%** | **40.5** | **5.2%** |
| Other Comprehensive Income | -0.1 | 0.0% | -0.5 | -0.1% |
| Total Comprehensive Income | 7.9 | 0.9% | 40.0 | 5.1% |
| Earning per share (EPS) - ₹ | 2.0 | | 10.3 | |

### Revenue

Revenue from operations stood at ₹ 850.4 crs, improved by 9% over previous year. Sales have grown by 10% over the previous year in terms of volumes. Net revenue has been considered net of excise in both the years for like to like comparison. Company continues to retain focus on getting the product sales mix right in the current year for sustainable profitable growth in future. The export sales in line with strategy have increased significantly from 21% in FY 17 to 32% in FY 18. The textile business at Rakholi got impacted the most in the initial part of the year due to GST implementation.

### Cost of Materials

The cost of materials comprises consumption of raw material, packing material, dyes & chemicals, changes in inventories of finished goods, work-in-process. The cost of materials at 65.9% of revenue exaggerated by 530 basis points as compared to previous year on account of raw material price increase. Consumption of dyes & chemicals have also gone up on account of mix change as well as availability shortage. Raw material costs are impacted mainly due to adverse movement in Brent Crude prices from $ 47 per barrel to $ 69 per barrel during the year. With the shift towards favourable mix in the coming years this is going to improve gradually.

### Employee Costs

Employee cost includes salaries, wages, annual performance incentives, statutory bonus and gratuity, contribution to provident and other funds and staff welfare schemes expenses except actuarial gain / (loss) on defined benefit plans). During the year under review, employee cost at ₹ 65.8 crs has moved in line with the revenue. The company has put in place the adequate team structures during the year at corporate as well as at plant which could fuel the future growth. Largely, with the team structures in place, the increase in employee cost going ahead will not be in proportionate to revenue.

### Earnings Before Interest, Tax, Depreciation & Amortization (EBITDA) Margins

EBITDA in FY18 was reported at ₹ 69.3 crs (8.2% margin) down from ₹ 101.1 crs (13.0% margin) in FY17. EBITDA margin were adversely affected by the pressure on sales price due to reduced demand, increase in raw material prices, lower utilization of capacities & increase in input costs including dyes, power etc.

### Finance Charges

Finance charges include interest on loans and other financial charges. The increase in finance charges is in line with the increase in the Company's debt position. Net Financial Expenses in FY18 was ₹ 27.9 crs as compared to ₹ 22.7 crs in the previous year. During the year debt increased by ₹ 31 crs. However, the costs of these facilities are constantly been reduced through judicial, planned & proactive fund management along with continuous monitoring and negotiations with lenders to garner the benefits accruing from money market changes.

### Depreciation

Depreciation has increased from ₹ 30.3 crs in FY 17 to ₹ 33.0 crs in the current year. The increase is on account of capitalization of on-going modernization & expansion projects.

### Tax Expense

The Effective Tax Rate (ETR) for the Company during FY18 was 5.2% as compared to 15.7% during FY17 on account of higher depreciation & R&D expenditure benefit. The company continues to pay taxes under MAT provision in FY 18.

### Profit After Tax

Profit after Tax stood at ₹ 8.0 crs in FY18 as compared to ₹ 40.5 crs in FY17 down by 430 bps as a percentage of revenue in comparisoned to previous year.

### Total Debt

Debt figure includes all the long-term & short-term borrowings, cash credits, Interest bearing acceptances as well as buyers credit. Gross Debt as on March 31, 2018, stands at ₹ 287.3 crs as against ₹ 262.2 crs at the end of FY 17. Cash and cash equivalents of the Company in FY18 stood at ₹ 35.2 crs as compared to ₹ 41.0 crs in the previous year. Net Debt as on March 31, 2018, stands at ₹ 252.1 crs after reducing the cash & bank balance & liquid investment versus ₹ 221.2 crs at the end of FY17. The debt has increased on account of lower EBIDTA & planned CAPEX on capability enhancement & expansion.

### Fixed Assets

Fixed assets (tangible and intangible) including capital work-in-progress stands at ₹ 380.6 crs at & of FY18 as compared to ₹ 345.3 crs at the end of previous year. This increase was mainly on account of capex for the capacity addition and capability enhancement. Further capex towards capacity expansion mainly in BCF segment is planned in FY 19.

### Key Ratios

Key capital efficiency ratios for AYM Syntex has been highlighted here which provides a snapshot of the health of balance sheet. Key ratios like the return of capital employed have reduced in the current year on account of lower profits and the continued infusion of capital employed in the form of planned capital expenditure. However other ratios like current ratio & debt to equity ratio are fairly same as last year.

| Key Ratios | FY 18 | FY 17 |
|---|---|---|
| Return on Capital Employed (ROCE) | 7.0% | 15.6% |
| Working Capital *(no. of days)* | 18 | 18 |
| Current Ratio | 1.20 | 1.23 |
| Debt: Equity | 0.96 | 1.12 |
| Net Debt: EBIDTA | 3.81 | 2.40 |
| Debt Service Coverage Ratio | 1.00 | 1.57 |

## Outlook

The outlook for AYM remains cautiously optimistic as macroeconomic headwinds persist. However, with the transient effects of demonetization and GST effects behind and expected favorable government policies towards textile industry and stable raw material prices, the demand is expected to rise. The company is largely focused on improving quality and sustainability of business with improved product mix through business, new product developments, expansion of strategic areas like BCF as well as various cost reduction initiatives which are underway in the coming year.

Lot of efforts have been put in in the direction to change the organization culture, customer mix, product mix and the overall business model, we are preparing ourselves to navigate through a challenging operational environment and create sustainable value for all stakeholders through emphasis on a customer-focused and value-driven approach.

* * * *

# ANNEXURE – A

## DISCLOSURE ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy:

   To spend 2% average net profits of the Company made during the three immediately preceding financial years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 in the sectors as mentioned in Schedule VII of the Act.

   To give preference to local area and areas around where it operates for spending the amount earmarked for Corporate Social Responsibility activities.

   List of activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 as mentioned in the policy is placed on website of the Company at www.aymsyntex.com

2. The composition of the CSR Committee:

   i. Mr. Atul Desai - Chairman

   ii. Mr. Rajesh R. Mandawewala - Member

   iii. Mr. Abhishek R. Mandawewala - Member

3. Average net profit of the Company for 2014-15, 2015-16 and 2016-17: ₹ 5130.41 Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 2 above): ₹ 102.61 Lakhs

5. Details of CSR spent during the financial year:

   a. Total amount to be spent for the financial year: ₹ 102.61 Lakhs

   b. Amount unspent: ₹ 9.05 Lakhs

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

| Sr. No. | CSR Project / Activity Identified | Sector in which the project is identified as per Schedule VII of the CA, 2013 | State and District where project was undertaken | Amount outlay (Budget) Project or programme wise (₹ in lakhs) | Amount spent on the project or programme (sub head) i. Direct Expenditure on project or programme 2.Overheads (₹ in lakhs) | Cumulative expenditure up to 31.03.2018 (₹ in lakhs) | Amount spent Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 | **Implementing an early childhood education program and promoting education** (Running a Balwadi for providing quality education to students between 3-6 years of age coming from economically challenged section of the society. The program also has provision of admission of the students to Grade I to ensure continuation of education. Inclusive of need based educational and development program for needy communities) | (ii) Promoting Education | Palghar, Maharastra | 8.14 | 8.14 | 93.56 | Direct Implementation |
| 2 | **Provision of safe drinking water** (Installation of need based water purification plants in Silvassa and Palghar to ensure accessibility of purified drinking water even in hard to reach areas and maintenance of the same) | (i) Promoting healthcare Making available safe drinking water | Silvassa, U T of Dadara and Nagar Haveli & Palghar, Maharashtra | 73.31 | 64.26 | | Direct Implementation |
| 3 | **Community development program** (Installation of solar based street light in poorly lit areas of Palghar and Silvassa) | (iv) Ensuring Environmental Sustainability | Silvassa, U T of Dadara and Nagar Haveli & Palghar, Maharashtra | 2.03 | 2.03 | | Direct Implementation |

| Sr. No. | CSR Project / Activity Identified | Sector in which the project is identified as per Schedule VII of the CA, 2013 | State and District where project was undertaken | Amount outlay (Budget) Project or programme wise (₹ in lakhs) | Amount spent on the project or programme (sub head) i. Direct Expenditure on project or programme 2.Overheads (₹ in lakhs) | Cumulative expenditure up to 31.03.2018 (₹ in lakhs) | Amount spent Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 4 | Providing Quality Education (Providing Educational facilities to the underprivileged students) | (ii) Promoting Education | Jamnagar, Gujarat | 7.00 | 7.00 | | Through agency (Hind Samaj) |
| 5 | CSR monitoring and administrative expenditure including salaries | As allowed in the Section 135 of the Companies Act | Mumbai, Maharashtra | 5.13 | 5.13 | | As per requirement |
| 6 | **Donating 7% of the CSR Budget to the Swatch Bharat Kosh** | (i) Promoting Sanitation | Mumbai, Maharashtra | 7.00 | 7.00 | | Through Swatch Bharat Kosh |
| | **Total** | | | **102.61** | **93.56** | **93.56** | |

6. 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 Company's plan for installation of further water purification plants at Palghar and Silvassa at an estimated cost of ₹ 9.05 Lakhs remained pending and the same is expected to be incurred during the financial year 2018-19.

7. It is hereby confirmed by and on behalf of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with the CSR objectives and policy of the Company.

Sd/-
**Abhishek R. Mandawewala,**
Managing Director & CEO

Sd/-
**Atul Desai,**
Chairman of CSR Committee

Sd/-
**R. R. Mandawewala,**
Chairman

Place : Mumbai
Date : 13th August 2018

# ANNEXURE – B

**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 Act including certain arm's length transactions under third proviso thereto.

**Details of contracts or arrangement or transactions not at arm's length basis: Nil**

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

| | | |
|---|---|---|
| a. | Name(s) of the related party and nature of relationship | Mandawewala Enterprises Limited (MEL), holding company |
| b. | Nature of contracts/ arrangements/ transactions | Providing services, office, sharing utility |
| c. | Duration of the contracts / arrangements/ transactions | (till termination) Either Party may terminate this Agreement upon thirty (30) days prior written notice to the other party |
| d. | Salient terms of the contracts or arrangements or transactions including the value, if any | for providing accounting support services, secretarial and legal support service & other incidental services to MEL |
| e. | Date(s) of approval by the Board | 11.08.2017 |
| f. | Amount paid as advances, if any: | Nil |

Note: The above transaction is a transaction with MEL, the holding company which is treated as related party transactions as per the definition provided under section 2 (76) of the Companies Act 2013.

For and on behalf of the Board of Directors

**R R Mandawewala**

Chairman

DIN:00007179

Place : Mumbai

Date : 13th August 2018

# ANNEXURE – C

**Form No MR - 3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31-03-2018**

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

To,

**The Members,**

**AYM Syntex Ltd,**

**Mumbai.**

I have conducted the Secretarial Audit of the Compliance of Applicable Statutory Provisions and the adherence to Good Corporate Practices by AYM Syntex Ltd (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate conducts/Statutory Compliances and expressing my opinion thereon.

Based on my verification of AYM Syntex Ltd's 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, I hereby report that in my opinion, the Company has, during the Audit period covering the Financial year ended on 31st March 2018 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:

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by AYM Syntex Ltd, ("the Company") for the Financial year ended on 31st March 2018 according to the Provisions of:

i. The Companies Act, 2013 (the Act), amendments and the Rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

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

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

**v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-**

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

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 2009;

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

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

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

f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

j. Other laws applicable specifically to the Company are as per Annexure A attached.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange;

iii. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

iv. The Companies Act, 2013 read with amendments and rules thereunder;

v. Securities Contract Regulations Act, 1956;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

I further report that:

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

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least Seven days in Advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through, while the views of Members/Directors are captured and recorded as part of the minutes.

I 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.

I further report that during the audit period the company has not undertaken any:

i. Public/Right/ debentures/sweat equity, etc. during the year under review; However, there has been preferential issue of:

   a. 63,50,000 Equity shares of ₹ 10 each at premium of ₹ 65 per share; and

   b. 43,16,666 share warrants of ₹ 75 per warrant

   aggregating to ₹ 80,00,00,000 (Rupees Eighty Crores) during the year under review wherein the provisions of the Companies Act, 2013, SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2009 and other applicable Acts have been complied by the Company.

ii. Redemption / buy-back of securities during the year under review;

iii. Major decisions taken by the Company as per powers given to them by Members in pursuance to section 180 of the Companies Act, 2013 are within the Limits laid down and are complied as per Rules and Regulations laid down under the Companies Act, 2013;

iv. No Merger / amalgamation / reconstruction, etc have been undertaken during the year under review and

v. There has been No Foreign technical collaborations during the year under review.

**For A L Makhija & Co.,**
**Company Secretaries**

**A.L.MAKHIJA**
**Proprietor**
**C P : 3410**
**ACS : 5087**

Place : Mumbai
Date : 21st May 2018

**ANNEXURE A:**

The other laws applicable specifically to the Company are as follows:

i. The Water (Prevention & Control of Pollution) Act, 1974;

ii. The Water (Prevention & Control of Pollution) Rules, 1975;

iii. The Water (Prevention & Control of Pollution) Cess Act, 1977;

iv. The Air (Prevention & Control of Pollution) Act, 1981;

v. The Air (Prevention & Control of Pollution) Rules 1982/1983;

vi. The Hazardous Wastes (Management & Handling) Rules 1989;

vii. Indian Explosive Act, 1884;

viii. Indian Explosive Rules, 1983;

ix. Environment Statement Under Gujarat Pollution Control Rules;

x. Environmental Protection Act, 1986;

xi. The Forest (Conservation) Act, 1980;

xii. The Environment Impact Assessment Notification;

xiii. The Hazardous Waste (Management & Handling) Rules, 1989, Amended 2003;

xiv. Ozone Depleting Substances (Regulation & Control) Rules, 2000, Amended 2003;

xv. The Energy Conservation Act, 2001;

xvi. E Waste Management And Handling Rules 2011;

xvii. Dangerous Machines (Regulations) Act, 1983;

xviii. Dangerous Machines (Regulations) Rules, 1984;

xix. Boilers Act (Indian Boilers Act), 1923;

xx. Motor Vehicle Act, 1988;

xxi. Indian Electricity Rules, 1956;

xxii. Apprentices Act, 1961;

xxiiii. Child Labour (Prohibition & Regulation) Rules, 1986;

xxiv. Contract Labour (Regulation & Abolition) Act, 1970;

xxv. Employees Provident Funds & Miscellaneous Provisions Act, 1952;

xxvi. Employees State Insurance Act, 1948;

xxvii. Employment Exchange (Compulsory Notification of Vacancies) Act, 1976;

xxviii. Equal Remuneration Act, 1976;

xxix. Factories Act, 1948;

xxx. Bombay Industrial Relation Act, 1946;

xxxi. Industrial Employment (Standing Orders) Act, 1946;

xxxii. Inter State Migrant Workers (Regulation of Employment and Condition of Service) Act, 1979

xxxiii. Maternity Benefit Act, 1961;

xxxiv. Minimum Wages Act, 1948;

xxxv. Payment of Bonus Act, 1965;

xxxvi. Payment of Gratuity Act, 1972;

xxxvii. Payment of Wages Act, 1936;

xxxviii. Trade Unions Act, 1926;

xxxix. Workmen's Compensation Act, 1923;

xxxx. Weekly Holidays Act, 1942;

xxxxi. Trademarks Act, 1999;

xxxxii. Patents Act, 1970

**For A L Makhija & Co.,**
**Company Secretaries**

**A.L.MAKHIJA**
**Proprietor**
**C P : 3410**
**ACS : 5087**

**Place : Mumbai**
**Date : 21st May 2018**

# ANNEXURE – D

## A. Details Of Every Employee Of The Company As Required Pursuant To Rule 5(2) Of The Companies (Appointment And Remuneration Of Managerial Personnel) Rules, 2014 And Forming Part Of The Directors' Report

**The Names of the top 10 employees in terms of remuneration drawn:**

| Sr. No | Name of the employee | Remuneration received (Refer Note) (Rupees In lakhs) | Designation | Qualifications and experience of the employee | Date of commencement of employment | Age (Years) | The last employment held by such employee before joining the company | The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above | Whether any employee is a relative of any Director or manager of the company and if so, name of such Director or manager |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Mr. Bhalchandra Anant Kale* (Upto 6th May 2017) | 138.57 | Executive Director | B.Sc, DAM, Experience - 35 years | 2nd April 2007 | 63 | M/s. Bhargavi Marketing Pvt. Ltd. | 0 | Nil |
| 2 | Mr. Sudhanshu M Khire | 123.36 | Director (Operation) | B.Sc, MBA, Experience - 32 years | 2nd April 2007 | 59 | M/s. Bhargavi Marketing Pvt. Ltd., Prabhadevi Mumbai - 25 | 0 | Nil |
| 3 | Mr. Abhishek Mandawewala | 117.70 | Managing Director & CEO | B.A/M. Eng (Honours) in Manufacturing Engineering from University of Cambridge Experience - 7 years | 1st August 2015 | 31 | Welspun India Limited | 0 | Mr. Rajesh R. Mandawewala, Director |
| 4 | Mr. Sunil Karanjkar | 90.96 | Sr.Vice President | PGDM in Marketing Experience - 31 years | 20th December 1989 | 54 | Garware Nylon | 0 | Nil |
| 5 | Mr. Saha Alam Mondal | 85.02 | Sr.Vice President | M. Tech Experience - 24 years | 12th May 2014 | 49 | Century Enka Ltd | 0 | Nil |
| 6 | Mr. Rahul Pareek | 68.74 | Vice President | B.Tech – Text Experience - 28 years | 9th August 2012 | 50 | ZYC Fibre Co | 0 | Nil |
| 7 | Mr. Himanshu Dhaddha | 67.22 | Chief Financial Officer | CA, CS, CWA Experience - 10 years | 8th November 2016 | 32 | Marico Group | 0 | Nil |
| 8 | Mr. Kedarnath Bansal | 61.44 | Asst.Vice President | B. Tech Experience - 28 years | 1st February 2016 | 50 | Welspun Corp Ltd | 0 | Nil |
| 9 | Mr. Chikkathimmappa Nataraja Ramanapalya | 61.42 | Asst.Vice President | MBA, Experience - 18 | 2nd May 2016 | 41 | Thailon Techno Fiber Ltd | 0 | Nil |
| 10 | Mr. Shivaditya Banerjee | 60.00 | Vice President | MBA, Experience - 12 years | 30th Jan 2017 | 35 | Asian Paints | 0 | Nil |

* Employed for part of the financial year 2017-18.

## B. List of Employees Drawing Remuneration of Rs. 1,02,00,000 Per Annum or More Throughout The Year (Other than those mentioned in Table A of Annexure D) : NIL

## C. Remuneration of Rs. 8,50,000 Per Month or More Received By Employee For A Part of The Year: Refer details of Mr. B. A. Kale as mentioned in Annexure D.

Notes :

i. All appointments are/were contractual in nature. Other terms and conditions are as per the service rules of the Company.
ii. None of the employees named above hold 2% or more of the equity shared of the Company, by themselves or along with their spouse and dependent children.
iii. Gross remuneration includes salary, allowances, performance linked variable pay paid, perquisites & benefits, leave encashment, Company's contribution to provident fund and gratuity.
iv. The information about qualifications and last employment is based on the particulars furnished by the concerned employee.

# CORPORATE GOVERNANCE REPORT

**For The Year Ended March 31, 2018**

**Annexure To The Director's Report**

## A. Company's Philosophy on Code of Governance

AYM Syntex Limited believes that for a Company to succeed on a sustained basis, it must maintain global standards of corporate conduct towards its employees, shareholders, consumers and society.

The primary objective is to create and adhere to a corporate culture of consciousness, transparency and openness.

## B. Board of Directors

### i. Composition

Present strength of the Board of Directors is 6. Details of composition of the existing Board of Directors as on 31 March 2018 is given below:

| Sr No. | Name of the Director | Category | No. of Directorship in other Companies* | | No. of shares and convertible instruments held by Non-Executive Director | Member / Chairman in No. of Committees in Companies# | No. of Board Meetings Attended (01/04/17 to 31/03/18) | Attendance at last AGM |
|---|---|---|---|---|---|---|---|---|
| | | | Public | Private | | | | |
| 1 | Mr. Rajesh R. Mandawewala | P,NE,C | 07 ^ | 03 | Nil | (3)M | 4 | No |
| 2 | Mr. Abhishek R. Mandawewala | P, E | 01 | 07 | Nil | (1) C/(1)M | 2 | No |
| 3 | Mr. Atul Desai | I, S, NE | 07 ^ | 00 | 30 Equity shares | (5)C/(3)M | 6 | Yes |
| 4 | Mr. M. K. Tandon | I, NE | 01 | Nil | Nil | (1)C / (2)M | 6 | No |
| 5 | Mr. B. A. Kale @ (Upto 6 May 2017) | E | NA | NA | Nil | Nil | 1 | N.A |
| 6 | Mr. K. H. Viswanathan | I, NE | 05 ^ | 01 | Nil | (3)C/(5)M | 6 | Yes |
| 7 | Ms. Mala Todarwal | I,W,NE | 05 ^ | 02 | Nil | (4)C/(4)M | 5 | No |

@Mr. B A Kale ceased to be a Director with effect from 06 May 2017.
*excludes Directorship in foreign companies and companies under Section 8 of the Companies Act, 2013.
^ Includes unlisted public companies.
# For the purpose of counting membership in Board Committee of other Companies, Chairmanship/ Membership of the Audit Committee and the Stakeholders Relationship Committee alone are considered.

**Abbreviations:**
P = Promoter, E = Executive Director, NE = Non - Executive Director, I = Independent Director, W= Woman Director, S = Shareholders, C = Chairman, M = Member.

ii. Disclosure of relationship between Directors interse:

Mr. Abhishek R. Mandawewala is son of Mr. Rajesh R. Mandawewala.

iii. The details of familiarization program (for Independent Directors) are disclosed on the Company's website and a web link thereto is http://www.aymsyntex.com/uploads/slider/familiarisation-policy_asl-0696954001465570802.pdf

iv. Details of Date of Board Meetings:

Six meetings of the Board of Directors were held during the financial year 2017-18 i.e. 6th May 2017, 11th August 2017, 14th November 2017, 25th January 2018, 1st February 2018 and 28th February 2018.

## C. Audit Committee

The Audit Committee consists of the following 4 Independent Non-Executive Directors (financially literate) as on 31 March 2018.

a. Mr. Atul Desai - Chairman
b. Mr. K. H. Viswanathan - Member
c. Mr. M.K. Tandon - Member
d. Ms. Mala Todarwal - Member

Mr. Kaushik N Kapasi, Secretary of the Company also acts as a Secretary to the Committee.

**Terms of Reference:**

The terms of reference stipulated by the Board of Directors to the Audit Committee are as contained under Regulation 18 of SEBI (LODR) Regulations, 2015 and section 177 of the Companies Act, 2013.

Eight meetings of Audit Committee of Board of Directors were held on 15th April 2017, 6th May 2017, 4th August 2017, 11th August 2017, 3rd November 2017, 14th November 2017, 6th January 2018 and 25th January 2018. The details of attendance of members of Audit Committee are as follows:

| Sr No. | Name of the member | Designation | Number of meetings attended (01/04/2017 to 31/03/2018) |
|---|---|---|---|
| 1 | Mr. Atul Desai | Chairman | 8 |
| 2 | Mr. K. H. Viswanathan | Member | 8 |
| 3 | Mr. M.K.Tandon | Member | 8 |
| 4 | Ms. Mala Todarwal | Member | 6 |

## D. Nomination and Remuneration Committee

a. The terms of reference stipulated by the Board of Directors to the Nomination and Remuneration Committee are as contained under regulation 19 of SEBI (LODR) Regulations, 2015.

b. Nomination and Remuneration Committee of the Board of Directors of the Company consists of the following members:

i. Mr. Atul Desai — Chairman
ii. Mr. R. R. Mandawewala — Member
iii. Mr. M. K. Tandon — Member
iv. Mr. K. H. Viswanathan — Member
v. Ms. Mala Todarwal — Member

c. Four meetings of Nomination and Remuneration Committees were held on 6th May 2017, 11th August 2017, 14th November 2017 and 1st February 2018. The details of attendance of members of the committee are as follows:

| Sr No. | Name of the Member | Designation | Number of meetings attended (01/04/2017 to 31/03/2018) |
|---|---|---|---|
| 1 | Mr. Atul Desai | Chairman | 4 |
| 2 | Mr. R. R. Mandawewala | Member | 2 |
| 3 | Mr. K. H. Viswanathan | Member | 4 |
| 4 | Mr. M. K. Tandon | Member | 4 |
| 5 | Ms. Mala Todarwal | Member | 3 |

d. Performance Evaluation Criteria

i. The evaluation of individual Directors would have two parts, viz. (a) quantitative data in the form of number of meetings of the board and committees attended as against the total number of such meetings held and (b) qualitative data coming out of the process of filling in a questionnaire by the Directors, which would be subjective, by its very nature.

ii. In order to induce the respondents to give their frank views, the instruments would be so designed that only ticks would be required, with no provision for description and the Directors would not be required to identify themselves below the filled in questionnaire.

iii. The result of the evaluation would be discussed threadbare by the Board and remedial actions taken.

iv. In case of individual Directors' performance falling below a threshold, there would be a provision for individual counselling by the Chairman of the Company.

## E. Remuneration to Directors

a. There are no pecuniary relationships or transactions with the Non-Executive Directors vis-a-vis the Company.

b. Criteria of making payments to Non-Executive Directors:

The Company pays sitting fees to Non-Executive Directors for attending meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Finance

Committee, Stakeholder Relationship Committee, Independent Directors meeting, Corporate Social Responsibility Committee, fee for attending General Meetings etc.

Details of the payments made to Non-Executive Directors during the year under Review is as under:

(₹ in Lakhs)

| Name of Directors | Sitting Fees |
|---|---|
| Mr. Atul Desai | 6.25 |
| Mr. K.H. Viswanathan | 4.83 |
| Mr. M.K. Tandon | 4.65 |
| Ms. Mala Todarwal | 3.82 |

c. To recommend payment of Remuneration to Executive Director / Managing Director and CEO:
The details of Remuneration paid/ payable during the year under review are mentioned below:

(₹ in Lakhs)

| | Mr. B.A. Kale (Executive Director upto 6th May 2017) | Mr. Abhishek R. Mandawewala (Managing Director & CEO) |
|---|---|---|
| Salaries, allowances & Perqistes | 9.54 | 69.41 |
| Gratuity | 14.42 | 1.44 |
| Leave encashment | 7.50 | 0 |
| Contribution to Provident Fund | 0.36 | 3.60 |
| Commission* | 106.75 | 42.70 |
| **TOTAL** | **138.57** | **117.70** |
| Service contracts | Resigned with effect from 6th May 2017 | From 1 August 2015 to 31st July 2018 |
| Notice period | 3 months | 3 months |
| Severance fees | Nil | Nil |
| Stock option | Nil | Nil |

*Represents Commission for the year ended March 31, 2017 paid during the year under review. Commission for the year ended March 31, 2018 is NIL.

d. Meeting of Independent Directors

The Independent Directors of the Company shall hold at least one meeting in a year without the attendance of non-independent Directors and members of management. The meeting of Independent Directors was held on 26 March 2018 and the following points were discussed:

i. Reviewed the performance of non-independent Directors, individual Directors, committees of Board and the Board as a whole;

ii. Reviewed the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

iii. Assessed the quality, quantity and timeliness of flow of information between the Company, management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## F. Stakeholders Relationship Committee

a. Name of Non-Executive Director heading the Committee:

- Mr. Atul Desai

b. Name and designation of Compliance Officer:

- Mr. Kaushik N. Kapasi – Company Secretary

c. Number of shareholders complaints received during the year:

During the year one complaint was received in respect of Non receipt of Rejected Dematerailised Form.

d. The said complaint was resolved within the stipulated time to the satisfaction of the investors/shareholders and no complaints were pending as on March 31st, 2018.

Details of Stakeholders Relationship Committee Meeting:

Four meetings were held during the year i.e. 10th April 2017, 7th July 2017, 9th October 2017 and 8th January 2018.

| Sr No. | Name of the Member | Designation | Number of meetings attended (01/04/2017 to 31/03/2018) |
|---|---|---|---|
| 1 | Mr. Atul Desai | Chairman | 4 |
| 2 | Mr. R. R. Mandawewala | Member | 2 |
| 3 | Mr. Abhishek R. Mandawewala | Member | 3 |

## G. Corporate Social Responsibility Committee (CSR)

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Company constituted a CSR Committee comprising of three Directors.

a. Composition:

The Committee comprises of:

| | | |
|---|---|---|
| 1 | Mr. Atul Desai | Chairman |
| 2 | Mr. R R Mandawewala | Member |
| 3 | Mr. Abhishek Mandawewala | Member |

The Company Secretary acts as the Secretary to the Committee.

b. Terms of reference of the Committee, inter alia include the following:

To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with the provisions of the Act and rules made thereunder.

Our social vision has been enshrined in the Four S's which have become the Guiding Principles of our CSR initiatives - Swasthya, Swabhiman, Sudhar and Srishti.

c). Meetings and Attendance:

During the year under review, the Corporate Social Responsibility Committee met twice i.e. on 6th May 2017 and 11th August 2017.

| Sr No. | Name of the Member | Designation | Number of meetings attended (01/04/2017 to 31/03/2018) |
|---|---|---|---|
| 1 | Mr. Atul Desai | Chairman | 2 |
| 2 | Mr. R. R. Mandawewala | Member | 1 |
| 3 | Mr. Abhishek R. Mandawewala | Member | 1 |

## H. General Body Meeting

a. Details of the last three Annual General Meetings held are as under:

| Financial Year | Date | Time | Location |
|---|---|---|---|
| 2014-15 | 23/09/2015 | 11.00a.m. | Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli) |
| 2015-16 | 23/09/2016 | 11:00a.m. | Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli) |
| 2016-17 | 28/09/2017 | 11.00a. m | Survey No. 394(P), Village Saily, Silvassa (U. T. of Dadra & Nagar Haveli) |

b. Special Resolutions passed in the last three Annual General Meetings are as under:

| Financial Year | Date | Items |
|---|---|---|
| 2014-15 | 23/09/2015 | 1. Appointment of Mr. Abhishek R. Mandawewala as a Whole Time Director of the Company for a period of three years w.e.f. 01.08.2015 on a remuneration of ₹ 75.00 Lakhs p.a. inclusive of all perquisites and allowances plus commission @1% p.a. of net profits. |
| 2015-16 | 23/09/2016 | 1.Re-appointment of Ms. Mala Todarwal as an Independent Women Director of the Company for a period of three years w.e.f. 01.08.2016.<br>2 Re- Appointment of Mr. Bhalchandra Anant Kale as an Executive Director of the Company for a period of three years w.e.f. 30.10.2016. |
| 2016-17 | 28/09/2017 | None |

## I. Means of Communication

a. The quarterly Un-audited Financial Results and Yearly Audited Financial Results of the Company are sent to the BSE Limited and National Stock Exchange immediately after they are approved by the Board of Directors in

their Board meetings.

b. The quarterly Un-audited Financial Results and Yearly Audited Financial Results of the Company have been advertised in Newspapers, details of which are as mentioned herein below:

| Quarter/year end | Date of publication | Name of newspaper |
|---|---|---|
| 31.03.2017 | 07.05.2017 | The Financial Express (E)+ (G), Ahmedabad edition |
| 30.06.2017 | 12.08.2017 | The Financial Express (E)+ (G), Ahmedabad edition |
| 30.09.2017 | 15.11.2017 | The Financial Express (E)+ (G), Ahmedabad edition |
| 31.12.2017 | 26.01.2018 | The Financial Express (E)+ (G), Ahmedabad edition |

c. Website:http://www.aymsyntex.com/quarterly-results and http://www.aymsyntex.com/investor-relations

d. Whether it also displays official news releases: No official news has been released during the year.

e. Presentation made to institutional investors or to the analysts: None

## J. General Shareholders Information

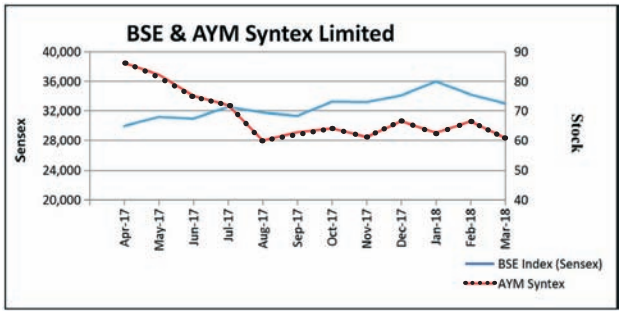
| | | |
|---|---|---|
| a | 35th Annual General Meeting Venue | Plot no. 1, Survey No. 394(P), Village saily, Silvassa - 396230, U. T. of Dadra & Nagar Haveli. |
| | Time | 11.30 a.m |
| | Day and Date | Tuesday, 25th September 2018 |
| b | Financial year | From 01st April 2017 to 31st March 2018 |
| c | Dividend payment date | No Dividend recommended/declared during the year |
| d | Listing on Stock Exchanges and Stock Codes | i.National Stock Exchange of India Limited (NSE), Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra Kurla Complex Rd, Bandra East, Mumbai 400051.<br>ii.Bombay Stock Exchange Limited (BSE), P. J. Tower, Dalal Street, Fort, Mumbai 400001.<br>iii.Listing fees has been paid to BSE and NSE on 02.05.2018 |
| e | Stock Code | Stock code No. is 508933 (BSE) and Symbol is AYMSYNTEX (NSE). |

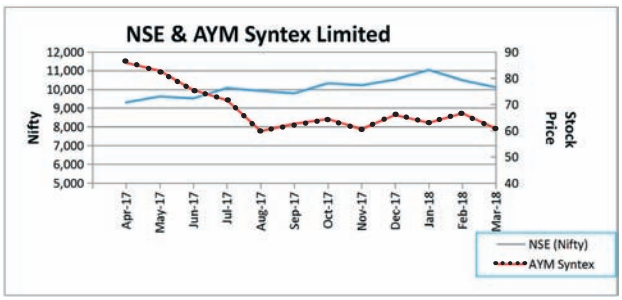
f. Market Price Data- High-Low Quotations on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE), Mumbai during each month for the year 01 April 2017 to 31 March 2018:

| Month | Bombay Stock Exchange (₹ ) | | Sensex | | National Stock Exchange (₹ ) | | Nifty | |
|---|---|---|---|---|---|---|---|---|
| | High | Low | High | Low | High | Low | High | Low |
| Apr-17 | 87.15 | 78.8 | 30,184.22 | 29,241.48 | 87.85 | 78.80 | 9,367.15 | 9,075.15 |
| May-17 | 87.00 | 77.00 | 31,255.28 | 29,804.12 | 86.90 | 77.00 | 9,649.60 | 9,269.90 |
| Jun-17 | 84.00 | 75.00 | 31,522.87 | 30,680.66 | 84.00 | 75.00 | 9,709.30 | 9,448.75 |
| Jul-17 | 79.00 | 62.00 | 32,672.66 | 31,017.11 | 79.20 | 71.25 | 10,114.85 | 9,543.55 |
| Aug-17 | 84.00 | 52.55 | 32,686.48 | 31,128.02 | 73.90 | 51.70 | 10,137.85 | 9,685.55 |
| Sep-17 | 64.50 | 53.00 | 32,524.11 | 31,081.83 | 64.55 | 58.00 | 10,178.95 | 9,687.55 |
| Oct-17 | 69.10 | 58.60 | 33,340.17 | 31,440.48 | 69.90 | 61.00 | 10,384.50 | 9,831.05 |
| Nov-17 | 72.70 | 59.50 | 33,865.95 | 32,683.59 | 72.50 | 59.20 | 10,490.45 | 10,094.00 |
| Dec-17 | 68.50 | 55.50 | 34,137.97 | 32,565.16 | 68.45 | 52.20 | 10,552.40 | 10,033.35 |
| Jan-18 | 78.65 | 62.00 | 36,443.98 | 33,703.37 | 78.90 | 62.00 | 11,171.55 | 10,404.65 |
| Feb-18 | 74.45 | 60.50 | 36,256.83 | 33,482.81 | 74.35 | 60.10 | 11,117.35 | 10,276.30 |
| Mar-18 | 69.90 | 56.00 | 34,278.63 | 32,483.84 | 70.05 | 57.00 | 10,525.50 | 9,951.90 |

g. Performance in comparison to broad-based indices i.e. BSE - Sensex and NSE - Nifty is as under:

| Month | BSE Index (Sensex) | AYM Syntex Stock month end Closing price (₹ ) | NSE (Nifty) | AYM Syntex Stock month end Closing price (₹ ) |
|---|---|---|---|---|
| Apr-17 | 29,918.40 | 86.15 | 9,304.05 | 85.85 |
| May-17 | 31,145.80 | 82.20 | 9,621.25 | 82.75 |
| Jun-17 | 30,921.61 | 75.00 | 9,520.90 | 75.50 |
| Jul-17 | 32,514.94 | 71.85 | 10,077.10 | 71.55 |
| Aug-17 | 31,730.49 | 59.90 | 9,917.90 | 59.85 |
| Sep-17 | 31,283.72 | 62.65 | 9,788.60 | 62.55 |
| Oct-17 | 33,213.13 | 64.00 | 10,335.30 | 64.35 |
| Nov-17 | 33,149.35 | 61.05 | 10,226.55 | 60.55 |
| Dec-17 | 34,056.83 | 66.40 | 10,530.70 | 65.90 |
| Jan-18 | 35,965.02 | 62.50 | 11,027.70 | 62.90 |
| Feb-18 | 34,184.04 | 66.35 | 10,492.85 | 66.55 |
| Mar-18 | 32,968.68 | 60.75 | 10,113.70 | 60.70 |




h. Securities are not suspended from trading.

i. Registrar and Share Transfer Agent:

Link Intime India Private Limited
Address : C-101,247 Park, LBS Marg,
Vikhroli (West), Mumbai - 400083
Tel. No. : 022 - 49186270
Fax No. : 022 – 49186060,
E-mail : rnt.helpdesk@linkintime.co.in
Website : www.linkintime.co.in

j. Share Transfer System

The Shares of the Company are fully dematerialized under the category of compulsory delivery in dematerialized mode by all categories of investors. Shares sent for transfer in physical form are registered by the Company's Registar and Share Transfer Agent within 15 days from the date of receipt of documents, if the same are found in order. Shares under objection are returned within three days.

k. Distribution of Shareholding

The distribution of shareholding as on 31st March 2018 is as follows:

| Shareholding of nominal value | Share holders | | Amount | |
|---|---|---|---|---|
| ₹ | Number | % of Total | ₹ | % of Total |
| (1) | (2) | (3) | (4) | (5) |
| Upto - 5,000 | 6735 | 77.79 | 1,02,04,540 | 2.24 |
| 5,001 - 10,000 | 764 | 8.82 | 64,30,170 | 1.41 |
| 10,001 – 20,000 | 493 | 5.69 | 77,00,510 | 1.69 |
| 20,001 – 30,000 | 207 | 2.39 | 53,86,140 | 1.18 |
| 30,001 – 40,000 | 94 | 1.09 | 34,28,700 | 0.75 |
| 40,001 – 50,000 | 67 | 0.77 | 31,87,040 | 0.70 |
| 50,001 - 1,00,000 | 143 | 1.65 | 1,04,86,510 | 2.30 |
| 1,00,001 and above | 156 | 1.80 | 40,90,72,070 | 89.73 |
| **TOTAL** | **8659** | **100.00** | **45,58,95,680** | **100.00** |

l. Dematerialization of shares and liquidity

The Shares of the Company are fully dematerialized under the category of compulsory delivery in dematerialized mode by all categories of investors.

The dematerialized shares are directly transferred to the beneficiaries by the depositories.

The Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March 2018, 86.02 % of the shares of the Company are dematerialized.

Bifurcations of shares are mentioned below:

| Category | As on 31 March 2018 | % of shareholding |
|---|---|---|
| No. of Shares held by NSDL | 3,32,37,214 | 72.91 |
| No. of Shares held by CDSL | 59,78,419 | 13.11 |
| Physical* | 63,73,935 | 13.98 |
| Total | 4,55,89,568 | 100.00 |

*This includes 63,50,000 equity shares allotted on 8th March 2018 which was dematerialized after corporate action executed on 3rd May 2018.

m. The Company has not issued any GDRs/ ADRs.

The Company has allotted 43,16,666 warrants of ₹ 75 per warrant to Mandawewala Enterprises Limited, the holding company convertible into 43,16,666 Equity shares of ₹ 10 each at premium of ₹ 65 per share at the option of the warrant holder within 18 months from the date of allotment but not before 31st March 2018.

n. Commodity price risk or foreign exchange risk and hedging activities: Refer to Management Discussion & Analysis' Section of this Report.

o. Location of plant

| | | |
|---|---|---|
| Rakholi Plant and Registered Office | : | Plot no. 1, Survey No. 394(P), Village Saily, Silvassa - 396230, U. T. of Dadra & Nagar Haveli |
| Palghar Plant | : | Plot no. I, 40 to 45, 116 to 118, Dewan Industrial Estate, Mahim Village, Palghar (W) - 401404, Dist - Palghar, Maharashtra |
| Address for Correspondence | : | 9th Floor, Trade world, "B" Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 |
| Telephone No | : | 022 – 61637000/7001 |
| Fax No | : | 022 – 24937725 |
| E-mail id | : | investorrelations@aymgroup.com |
| Website | : | www.aymsyntex.com |
| Compliance Officer and Secretary | : | Mr. Kaushik N. Kapasi |

## K. Other Disclosures

a. Related party transactions:

During the year there is no 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's policy on dealing with Related Party Transactions as required under Regulation 23 of SEBI (LODR) Regulations, 2015 is hosted on the Company's website and a web link thereto is as under:

http://www.aymsyntex.com/uploads/slider/related-parties-transaction-policy_asl-0334404001465570841.pdf

b. No penalties, strictures were imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

c. Whistle Blower Policy and Vigil Mechanism

The Company has a Whistle Blower Policy and Vigil Mechanism for its Directors and employees and no personnel have been denied access to the Audit Committee. A copy of policy is displayed on the website of the Company at http://www.aymsyntex.com/uploads/slider/whistle-blower-policy-asl-0837957001465455562.pdf

## L. Details of Compliance of the mandatory and non-mandatory clauses of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

a. The Company has complied with mandatory requirements as mentioned under Regulations 17 to 27 of SEBI (LODR) Regulations, 2015 and has adopted the following discretionary requirements on Corporate Governance as recommended hereunder:

i. The Company has separate individuals occupying the position of Chairman and that of Managing Director and CEO;

ii. The Internal Auditor reports directly to the Audit Committee.

b. Web link where policy for determining material subsidiaries is disclosed

i. The Company does not have subsidiary company.

c. Web link where policy on dealing with related party transactions:

http://www.aymsyntex.com/uploads/slider/related-parties-transaction-policy_asl-0334404001465570841.pdf

**M. Code of conduct**

The Company has established a Code of Conduct for its Board members and its Senior Management Personnel. The Code of Conduct for the Board members and Senior Management Personnel is available on the Company's website at: http://www.aymsyntex.com/uploads/slider/code-of-conduct_asl-0346189001465455595.pdf

All the Board members and Senior Management Personnel have complied with the Code of Conduct.

**N. Disclosure of shares held in suspense account under Clause F of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

| Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year | | Number of shareholders who approached issuer for transfer of shares from suspense account during the year | | Number of shareholders to whom shares were transferred from suspense account during the year | | Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year | |
|---|---|---|---|---|---|---|---|
| No of Holders | No of Shares | No of Holders | No of Shares | No of Holders | No of Shares | No of Holders | No of Shares |
| 133 | 6766 | 0 | 0 | 0 | 0 | 133 | 6766 |

The voting rights on these shares shall remain frozen until the shares have been claimed by and transferred to the rightful owner.

On behalf of Board of Directors

**Abhishek Mandawewala**

Managing Director and CEO

Place : Mumbai
Date : 21st May 2018

# Certificate

**Independent Auditors' Certificate regarding compliance of conditions of Corporate Governance**

To

The Members of AYM Syntex Limited

We have examined the compliance of conditions of Corporate Governance by AYM Syntex Limited, for the year ended March 31, 2018 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Reports or Certificates for Special Purpose, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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

.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Mehul Desai**
Partner
Membership Number: 103211

Place: Mumbai
Date: 21st May 2018



# FINANCIAL STATEMENTS


44 Independent Auditor's Report on Standalone Financial Statements

52 Standalone Financial Statements

# INDEPENDENT AUDITOR'S REPORT

**To the Members of AYM Syntex Limited**

**Report on the Indian Accounting Standards (Ind AS) Financial Statements**

1. We have audited the accompanying financial statements of AYM Syntex Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS Financial Statements**

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

**Auditors' Responsibility**

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

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

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

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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

# Independent Auditor's Report

made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

**Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Other Matter**

9. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated May 6, 2017 and May 6, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

    c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

    e. On the basis of the written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    g. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according

to the information and explanations given to us:

i The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its Ind AS financial statements – Refer Note 39;

ii. The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2018.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Mehul Desai**

Partner
Membership Number: 103211

Place : Mumbai
Date : May 21, 2018

# Annexure "A" to the Independent Auditor's Report

**Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of AYM Syntex Limited on the Ind AS financial statements for the year ended March 31, 2018**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

1. We have audited the internal financial controls with reference to financial statements of AYM Syntex Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

3. 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. 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 financial statements, whether due to fraud or error.

5. 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**

6. A company's internal financial controls 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 principles. A company's internal financial controls with reference to financial statements includes

# Annexure "A" to the Independent Auditor's Report

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**

7. 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 controls 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**

8. 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 March 31. 2018, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Mehul Desai**

Partner
Membership Number: 103211

Place : Mumbai
Date : May 21, 2018

# Annexure "B" to the Independent Auditor's Report

**Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of AYM Syntex Limited on the Ind AS financial statements as of and for the year ended March 31, 2018**

i. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

b. The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

c. The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company, except in respect of the following immovable properties:

| Nature of immovable | Number of cases | Value as at March 31, 2018 (₹ in Lakhs) | | Remarks |
|---|---|---|---|---|
| | | Gross block | Net block | |
| Freehold land | 2 | 45.22 | 20.04 | Title is not transferred in the name of the Company |
| Residential Flats | 6 | 14.85 | 10.18 | Documents of title deeds not available with the Company |

ii. The physical verification of inventory (excluding goods in transit and stocks with third parties) have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory by Management as compared to book records were not material.

iii. 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 Companies Act, 2013 ("the Act"). Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employees' state insurance, income tax, service tax, cess, goods and service tax with effect from July 1, 2017, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including sales tax, provident fund, value added tax, profession tax, duty of customs, duty of excise and other material statutory dues, as applicable, with the appropriate authorities.

b. According to the information and explanations given to us and the records of the Company examined by us, there are no dues of value added tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales

# Annexure "B" to the Independent Auditor's Report

tax, service tax, duty of customs and duty of excise as at March 31, 2018, which have not been deposited on account of a dispute, are as follows:

| Name of the statute | Nature of dues | Amount (₹ in Lakhs)* | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|
| The Income tax Act, 1961 | Income tax | 10.68 | Assessment Years 2012-13 to 2014-15 | Commissioner of Income Tax (Appeals), Mumbai |
| Bombay Sales Tax Act, 1959 | Sales tax | 166.09 | Financial Years 2002-03 and 2003-04 | Joint Commissioner of Sales Tax (Appeals), Thane |
| The Finance Act, 1994 | Service Tax | 1.95 | Financial Years 2005-06 and 2006-07 | Deputy Commissioner of Central Excise and Customs, Vapi |
| | | 55.96 | Financial Year 2006-07 | Commissioner of Central Excise, Customs and Service Tax, Vapi |
| | | 103.86 | Financial Years 2007-08 to 2012-13 | Commissioner of Central Excise, Vapi |
| | | 86.61 | Financial Years 2013-14 to 2014-15 | Commissioner of Central Excise and Customs, Vapi |
| | | 221.71 | Financial Year 2014-15 | Central Excise and Service Tax Appellate Tribunal, Ahmedabad |
| | | 56.44 | Financial Year 2015-16 | Commissioner of Central Excise and Customs, Vapi |
| The Customs Act, 1962 | Duty of Customs | 72.55 | Financial Years 1996-97 and 1997-98 | Commissioner of Customs, Mumbai |
| | | 168.36 | Financial Year 2006-07 | Commissioner of Customs (Imports), Navi Mumbai |
| | | 3.78 | Financial Years 2006-07 to 2008-09 | Deputy Commissioner of Central Excise and Customs, Vapi |
| | | 25.00 | Financial Year 2013-14 | Commissioner of Customs (Appeals), Mumbai |
| The Central Excise Act, 1944 | Duty of excise | 30.37 | Financial Year 2006-07 | Commissioner of Central Excise and Customs, Vapi |
| | | 41.42 | Financial Year 2007-08 | Joint Commissioner of Central Excise and Customs, Vapi |

* Net of amount paid under protest

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government. As the Company has not issued any debentures as at Balance Sheet date, the provisions of Clause 3(viii) of the Order, to that extent, are not applicable to the Company.

ix. In our opinion, and according to the information and explanations given to us, the money raised by way of term loans have been applied for the purposes for which they were obtained. As the Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments), the provisions of Clause 3(ix) of the Order, to that extent, are not applicable to the Company.

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

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Ind AS 24, Related Party Disclosures specified under

Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

xiv. The Company has made a preferential allotment of shares during the year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

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

**For Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

**Mehul Desai**

Partner
Membership Number: 103211

Place : Mumbai
Date : May 21, 2018

# Balance Sheet as at March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

| Particulars | Note | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 34,686.23 | 32,830.23 | 28,191.39 |
| Capital work-in-progress | 3 | 3,293.85 | 1,632.07 | 1,414.36 |
| Intangible assets | 4 | 83.47 | 66.52 | 41.71 |
| Financial assets | | | | |
| - Investments | 5 | - | 13.03 | 14.81 |
| - Other financial assets | 6 | 7.01 | 26.49 | 15.29 |
| Deferred tax assets (net) | 7 | 2,460.87 | 2,318.60 | 2,061.15 |
| Other non-current assets | 8 | 2,232.52 | 1,222.36 | 1,178.85 |
| **Total non-current assets** | | **42,763.95** | **38,109.30** | **32,917.56** |
| | | | | |
| **Current assets** | | | | |
| Inventories | 9 | 8,991.65 | 7,700.00 | 5,669.52 |
| Financial assets | | | | |
| - Investments | 10 | 701.09 | 1,694.06 | - |
| - Trade receivables | 11 | 8,568.87 | 6,120.71 | 6,313.29 |
| - Cash and cash equivalents | 12 | 770.60 | 913.86 | 3,836.12 |
| - Bank balances other than cash and cash equivalents above | 13 | 2,047.47 | 1,494.82 | 1,657.38 |
| - Loans | 14 | 97.28 | 71.20 | 39.12 |
| - Other financial assets | 15 | 195.87 | 121.09 | 162.33 |
| Other current assets | 16 | 3,781.74 | 2,783.05 | 2,866.88 |
| **Total current assets** | | **25,154.57** | **20,898.79** | **20,544.64** |
| **Total assets** | | **67,918.52** | **59,008.09** | **53,462.20** |
| | | | | |
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | 17(a) | 4,558.96 | 3,923.96 | 3,923.96 |
| Other equity | | | | |
| - Reserves and Surplus | 17(b) | 24,432.05 | 19,510.37 | 15,509.91 |
| - Money received against share warrants | 17(c) | 809.37 | - | - |
| **Total equity** | | **29,800.38** | **23,434.33** | **19,433.87** |
| | | | | |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| - Borrowings | 18 | 16,406.86 | 17,974.44 | 16,681.60 |
| Employee benefit obligations | 19 | 672.19 | 593.90 | 452.14 |
| **Total non-current liabilities** | | **17,079.05** | **18,568.34** | **17,133.74** |
| | | | | |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| - Borrowings | 20 | 5,005.56 | 2,074.85 | 1,876.84 |
| - Trade payables | 21 | 10,354.78 | 9,169.43 | 10,001.20 |
| - Other financial liabilities | 22 | 4,728.71 | 4,504.25 | 3,333.00 |
| Employee benefit obligations | 23 | 361.87 | 565.06 | 715.69 |
| Current tax liabilities | 24 | - | - | 365.03 |
| Other current liabilities | 25 | 588.17 | 691.83 | 602.83 |
| **Total current liabilities** | | **21,039.09** | **17,005.42** | **16,894.59** |
| **Total liabilities** | | **38,118.14** | **35,573.76** | **34,028.33** |
| **Total equity and liabilities** | | **67,918.52** | **59,008.09** | **53,462.20** |

Notes forming part of the financial statements 1-50

The above Balance Sheet should be read in conjuction with the accompanying notes.

This is the Balance Sheet referred to in our report of the even date.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N/ N500016
**Mehul Desai**
Partner
Membership No. 103211

Place: Mumbai
Date : May 21, 2018

For and on behalf of the Board of Directors

**Rajesh Mandawewala**
Chairman
DIN 00007179

**Abhishek Mandawewala**
CEO and Managing Director
DIN 00737785

**Himanshu Dhaddha**
Chief Financial Officer

**Kaushik Kapasi**
Company Secretary

# Statement of Profit and Loss for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

| Particulars | Note | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 26 | 85,057.91 | 81,694.64 |
| Other operating income | 27 | 1,059.13 | 1,107.11 |
| Other income | 28 | 558.95 | 378.47 |
| **Total Income** | | **86,675.99** | **83,180.22** |
| | | | |
| **Expenses** | | | |
| Cost of materials consumed | 29 | 49,466.06 | 42,017.59 |
| Changes in inventories of finished goods and goods-in-process | 30 | (1,033.52) | (1,310.57) |
| Excise duty on sale of goods | | 1,075.47 | 4,867.66 |
| Employee benefit expense | 31 | 6,579.39 | 5,835.10 |
| Depreciation and amortization expense | 32 | 3,297.38 | 3,027.25 |
| Other expenses | 33 | 23,654.82 | 21,661.49 |
| Finance costs | 34 | 2,792.76 | 2,272.52 |
| **Total Expenses** | | **85,832.36** | **78,371.04** |
| | | | |
| **Profit Before Tax** | | **843.63** | **4,809.18** |
| | | | |
| **Income Tax Expense** | 35 | | |
| Current tax | | 182.70 | 984.49 |
| Deferred tax | | (139.12) | (229.18) |
| **Total Income Tax Expense** | | **43.58** | 755.31 |
| | | | |
| **Profit for the year** | | **800.05** | **4,053.87** |
| | | | |
| **Other comprehensive income** | | | |
| Items that will not be reclassified to profit or loss | | | |
| Remeasurement gains/(losses) on defined benefit plan | 32 | (9.02) | (81.68) |
| Income tax effect on above | 35 | 3.15 | 28.27 |
| **Other comprehensive income for the year, net of tax** | | **(5.87)** | **(53.41)** |
| | | | |
| **Total comprehensive income for the year** | | **794.18** | **4,000.46** |
| | | | |
| **Earnings per share** | **41** | | |
| Basic (₹) | | **2.02** | **10.33** |
| Diluted (₹) | | **2.02** | **10.33** |

Notes forming part of the financial statements 1-50

The above staement of Profit and Loss should be read in conjuction with the accompanying notes.
This is the staement of Profit and Loss referred to in our report of the even date.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N/ N500016
**Mehul Desai**
Partner
Membership No. 103211

Place: Mumbai
Date : May 21, 2018

For and on behalf of the Board of Directors

**Rajesh Mandawewala**
Chairman
DIN 00007179

**Abhishek Mandawewala**
CEO and Managing Director
DIN 00737785

**Himanshu Dhaddha**
Chief Financial Officer

**Kaushik Kapasi**
Company Secretary

# Cash Flow Statement For the year ended 31st March, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit before tax | 843.63 | 4,809.18 |
| **Adjustments for:** | | |
| Depreciation and amortisation expense | 3,297.38 | 3,027.25 |
| Finance costs | 2,792.76 | 2,272.52 |
| Unrealised foreign exchange (gain)/loss (Net) | (71.89) | (83.72) |
| Unrealised loss/(gain) on derivative transactions (Net) | (24.56) | (11.45) |
| Changes in fair value of financial assets at fair valuethrough profit or loss | (1.08) | (7.66) |
| Dividend income on current investments classified as investing cash flows | - | (8.01) |
| Loss / (Gain) on sale of investments (Net) | (53.18) | (178.99) |
| Loss on sale/discard of property, plant and equipment (Net) | 26.60 | 78.11 |
| Interest income | (190.19) | (145.14) |
| **Operating profit before changes in operating assets and liabilities** | **6,619.47** | **9,752.07** |
| Adjustments for changes in operating assets and liabilities: | | |
| (Increase) in inventories | (1,291.64) | (2,030.48) |
| (Increase) / decrease in trade receivables | (2,438.82) | 172.35 |
| Increase / (decrease) in trade payables | 1,247.89 | (727.82) |
| Increase / (decrease) in other current financial liabilities | (0.58) | 1.39 |
| (Decrease) in employee benefit obligations | (133.91) | (90.57) |
| Increase / (decrease) in other current liabilities | (103.66) | 89.00 |
| (Increase) / decrease in other current financial assets | (72.23) | 42.91 |
| (Increase) / decrease in other non-current financial assets | 11.74 | (10.71) |
| (Increase) / decrease in other non-current assets | (83.41) | (7.49) |
| (Increase) / decrease in other current assets | (993.65) | 86.34 |
| **Cash generated from operations** | **2,761.20** | **7,276.99** |
| Income tax paid | (263.73) | (1,411.51) |
| **Net cash generated from operating activities** | **2,497.47** | **5,865.48** |
| | | |
| **Cash flow from investing activities** | | |
| Payment for property, plant, equipment and intangible assets | (8,053.12) | (7,511.00) |
| Proceeds from sale of property, plant and equipment | 1.01 | 15.71 |
| Realisation / (investment) in fixed deposit and margin money (Net) | (571.57) | 130.48 |
| Sale / (Purchase) of Investment (Net) | 1,060.31 | (1,505.68) |
| Interest received | 188.21 | 142.98 |
| Dividend received | - | 8.01 |
| **Net cash used in investing activities** | **(7,375.16)** | **(8,719.50)** |

# Cash Flow Statement For the year ended 31st March, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Cash flow from financing activities** | | |
| Proceeds from issue of equity shares and warrants (Net) | 3,571.87 | - |
| Proceeds from borrowings (Net) | 3,961.55 | 2,181.83 |
| Interest paid | (2,798.99) | (2,250.07) |
| **Net cash generated / (used in) financing activities** | **4,734.43** | **(68.24)** |
| | | |
| **Net (decrease) / increase in Cash and Cash Equivalents** | **(143.26)** | **(2,922.26)** |
| Cash and cash equivalents at the beginning of the year | 913.86 | 3,836.12 |
| **Cash and cash equivalents at the end of the year** | **770.60** | **913.86** |
| **Cash and cash equivalents comprise of:** | | |
| Cash on Hand | 17.21 | 12.30 |
| Balance with banks in current accounts | 753.39 | 901.56 |
| **Cash and bank balances at the end of the year** | **770.60** | **913.86** |

Notes:

1) Cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 " Statements of Cash Flow"
2) Previous year figures are regrouped/reconsidered wherever necessary.

This is the Cash Flow Statement referred to in our report of the even date.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N/ N500016

**Mehul Desai**
Partner
Membership No. 103211

Place: Mumbai
Date : May 21, 2018

**For and on behalf of the Board of Directors**

**Rajesh Mandawewala**
Chairman
DIN 00007179

**Abhishek Mandawewala**
CEO and Managing Director
DIN 00737785

**Himanshu Dhaddha**
Chief Financial Officer

**Kaushik Kapasi**
Company Secretary

## A Equity share capital

| Particulars | Note | Amount |
|---|---|---|
| **Balance as at 1 April 2016** | | **3,923.96** |
| Changes in equity share capital during the year | 17(a) | - |
| **Balance as at 31 March 2017** | | **3,923.96** |
| Changes in equity share capital during the year | 17(a) | 635.00 |
| **Balance as at 31 March 2018** | | **4,558.96** |

## B Other equity

| Particulars | Note | Reserves and Surplus | | | | | | Money received against share warrants | Total other equity |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital reserve | Securities premium reserve | Debenture redemption reserve | General Reserve | Capital Redemption Reserve | Retained earnings | | |
| **Balance as at 1 April 2016** | | 2,664.93 | 40.55 | 107.06 | - | 293.36 | 12,404.01 | - | 15,509.91 |
| Profit for the year | | - | - | - | - | - | 4,053.87 | - | 4,053.87 |
| Other comprehensive income | | - | - | - | | - | (53.41) | - | (53.41) |
| **Total comprehensive income for the year** | | **2,664.93** | **40.55** | **107.06** | **-** | **293.36** | **16,404.47** | **-** | **19,510.37** |
| **Balance as at 31 March 2017** | | **2,664.93** | **40.55** | **107.06** | **-** | **293.36** | **16,404.47** | **-** | **19,510.37** |
| | | | | | | | | | |
| **Balance as at 1 April 2017** | | 2,664.93 | 40.55 | 107.06 | - | 293.36 | 16,404.47 | - | 19,510.37 |
| Profit for the year | | - | - | - | - | - | 800.05 | - | 800.05 |
| Other comprehensive income | | - | - | - | - | - | (5.87) | - | (5.87) |
| **Total comprehensive income for the year** | | **2,664.93** | **40.55** | **107.06** | **-** | **293.36** | **17,198.66** | **-** | **20,304.55** |
| Transferred to General reserve from DRR | 17(b) | - | - | (107.06) | 107.06 | - | - | - | - |
| **Transactions with owners in their capacity as owners** | | | | | | | | | |
| Preferential issue of equity shares, net of transaction | 17(b) | - | 4,127.50 | - | - | - | - | - | 4,127.50 |
| Issue of share warrants | 17(c) | - | - | - | - | - | - | 809.37 | 809.37 |
| **Balance as at 31 March 2018** | | **2,664.93** | **4,168.05** | **-** | **107.06** | **293.36** | **17,198.66** | **809.37** | **25,241.43** |

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

This is the Statement of Changes in Equity referred to in our report of the even date.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N/ N500016

**Mehul Desai**
Partner
Membership No. 103211

Place: Mumbai
Date : May 21, 2018

**For and on behalf of the Board of Directors**

**Rajesh Mandawewala**
Chairman
DIN 00007179

**Abhishek Mandawewala**
CEO and Managing Director
DIN 00737785

**Himanshu Dhaddha**
Chief Financial Officer

**Kaushik Kapasi**
Company Secretary

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## General Information

**AYM Syntex Limited** (herein referred to as "AYM" or "the Company") is public limited Company incorporated and domiciled in India. The address of its registered office is Survey No. 394P, Village - Saily, Silvassa, Dadra & Nagar Haveli- 396230, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). Since its inception, it has grown manifold and today is amongst the largest manufacturers and exporters of Polyester Texturised Filament Yarn, Nylon Filament Yarn and Bulk Continuous Filament Yarn from India.

The financial statements were authorized for issue by the board of directors on May 21, 2018.

## Note 1: Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 1.1 Basis of Preparation of Financial Statements

#### a. Compliance with IND-AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 49 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The date of transition to Ind AS is April 1, 2016. Refer Note 49 for the first time adoption exemptions availed by the Company.

Reconciliations and explanations for the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Cash Flow Statement are provided in Note 49.

#### b. Historical Cost Convention

The financial statements have been prepared on an accrual and going concern basis. The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that is measured at fair value as stated in subsequent policies;
- Assets held for sale – measured at lower of cost or fair value less cost to sell.

### 1.2 Foreign Currency Translation

#### a. Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupees (₹), which is Company's functional and presentation currency.

#### b. Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss on a net basis within other expenses or other income, as applicable.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

### 1.3 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added tax and amounts collected on behalf of third parties.

The Company recognizes revenue from sale of goods when:

a. The Company has transferred to the buyer the significant risk and reward of ownership of goods;

b. The Company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;

c. The amount of revenue can be reliably measured;

d. It is probable that future economic benefits associated with the transaction will flow to the Company and

e. The cost incurred or to be incurred in respect of the transaction can be measured reliably.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Export sales are accounted for on the basis of date of bill of lading. Consignment sales are recognized on confirmation from consignee/ consignment agent.

Revenue from services is recognized when the services are completed.

### 1.4 Other Income

Dividend income is recognized when right to receive the dividend is established. Interest income is recognized on a time proportion basis, taking into consideration the amount outstanding and the applicable interest rate except interest income from customers which is accounted on receipt basis.

### 1.5 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Grants related to income are government grants other than those related to assets.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented either under “other operating income” or are deducted in reporting the related expense. The presentation approach is applied consistently to all similar grants.

Government grants relating to the purchase of property, plant and equipment are included in liabilities as deferred income and are credited to profit or loss over the periods and in proportions in which depreciation expense on those assets is recognized.

Export Benefits: In case of sale made by the Company as support manufacturer, export benefits arising from Duty Drawback scheme

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

are recognised on export of such goods in accordance with the agreed terms and conditions with customers. In case of direct exports made by the Company, export benefits arising from DEPB, Duty Drawback scheme, Merchandise Export Incentive Scheme, Focus Market Scheme and Focus Product Scheme are recognised on shipment of direct exports.

**1.6 Income Tax**

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred income tax is recognized in the Statement of Profit and Loss except to the extent it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively.

**a. Current Income Tax**

Current income tax charge is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**b. Deferred Income Tax**

Deferred income tax is provided in full using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The carrying amount of deferred income tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to off-set and intends either to settle on a net basis, or to realise the asset and settle the liability

simultaneously.

Current and Deferred Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Minimum Alternate Tax ('MAT') credit entitlement is recognized as a deferred income tax asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of fifteen succeeding assessment years, if it is probable that MAT credit will reverse in the foreseeable future and taxable profit will be available against which the deferred income tax asset can be utilised.

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to Statement of Profit and Loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity.

**1.7 Leases**

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

**1.8 Property, Plant And Equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Capital work-in-progress comprises cost of property, plant and equipment and related expenses that are not yet ready for their intended use at the reporting date.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

Freehold land is not depreciated. Leasehold improvements are amortised over the shorter of estimated useful life or the related lease term. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

| Assets | Useful life |
|---|---|
| Office Equipment | 05 years |
| Furniture and fixtures | 10 years |
| Computer | 03 years |
| Vehicles | 08 years |
| Plant and machinery* | 15 to 25 years |
| Electrical installation | 10 years |
| Factory Building | 30 years |
| Residential and other Buildings | 60 years |

*Extra shift depreciation is provided.

Assets individually costing ₹ 5000 or less are depreciated fully in the year of acquisition.

The useful lives have been determined based on Schedule II of the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation of additions / deletions during the year is provided from the month in which the asset is capitalized up to the month in which the asset is disposed off.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

As asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other expenses or other income, as applicable.

### 1.9 Intangible Assets

a. **Intangible Assets with Finite Useful Lives**

Intangible assets with finite useful lives acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

b. **Research and Development**

Research expenditure and development expenditure that do not meet the criteria in Note 1.9(a) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent period.

c. **Amortisation Methods and Periods**

Intangible assets comprise of computer software which is amortized on a straight-line basis over its expected useful life over a period of five years.

d. **Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

### 1.10 Impairment of Assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An

impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### 1.11 Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an assets, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current assets is recognised at the date of de-recognition.

Non-current assets are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

### 1.12 Inventories

**Raw materials and stores, work in progress, and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on moving average basis. Costs of purchased inventory are determined after deducting rebates and discounts. 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.

### 1.13 Financial Instruments

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

**Investments and Other Financial Assets**

a. **Classification**

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, recognition will depend on the business model in which the investment is held.

For investments in equity instruments, recognition will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b. **Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

i. **Debt Instruments:**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised Cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair Value Through Other Comprehensive Income (FVOCI):** `

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other expenses or other incomes, as applicable. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign Exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

- **Fair Value Through Profit or Loss:**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other expenses or other incomes, as applicable in the period in which it arises. Interest income from these financial assets is included in other income.

ii. **Equity Instruments:**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there will be no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of

profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**c. Impairment of Financial Assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 38 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**d. Derecognition of Financial Assets Revenue Recognition**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**e. Income Recognition**

**i. Interest Income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**ii. Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**f. Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

For the purpose of statement of cash flows, cash and cash equivalents includes outstanding bank overdraft, if any, shown within current liabilities in statement of financial position and which are considered as integral part of Company's cash management policy.

**g. Trade Receivable**

Trade receivable are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**Financial Liabilities**

**a. Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss. Liabilities from finance lease agreements are measured at the lower of fair value of the leased asset or present value of minimum lease payments.

**b. Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**c. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss .

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as consequence of the breach.

**d. Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Financial Guarantee Contracts**

**a. Derivatives and Hedging Activities**

In order to hedge its exposure to foreign exchange, interest rate, and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

**b. Derivatives that are not Designated as Hedges**

The Company enters into derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

**c. Embedded Derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety whendetermining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

**d. Embedded Foreign Currency Derivatives**

Embedded foreign currency derivatives are not separated from the host contract if they are closely related. Such embedded derivatives are closely related to the host contract, if the host contract is not leveraged, does not contain any option feature and requires payments in one of the following currencies:

- The functional currency of any substantial party to that contract
- The currency in which the price of the related good or service that is acquired or delivered is routinely denominated in commercial transactions around the world, or
- A currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment in which the transaction takes place (i.e. relatively liquid and stable currency)

Foreign currency embedded derivatives which do not meet the above criteria are separated and the derivative is accounted for at fair value through profit and loss. The Company currently does not have

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

any such derivatives which are not closely related.

**e. Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**1.14 Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**1.15 Employee Benefits**

**Short-Term Obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**Other Long-Term Employee Benefit Obligations**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**Post-Employment Obligations**

The Company operates the following post-employment schemes:

- Defined benefit plans such as gratuity, and
- Defined contribution plans such as provident fund and superannuation fund.

**a. Defined Benefit Plans**

i. **Gratuity Obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Remeasurements are not reclassified to profit and loss in the subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**b. Defined Contribution Plans**

i. **Provident Fund, Employee State Insurance Corporation (ESIC) and Labour Welfare Fund (LWF).**

The Contribution towards provident fund, ESIC, LWF for certain employees is made to the regulatory authorities where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations apart from the contributions made on a monthly basis.

ii. **Superannuation Fund**

Contribution towards superannuation fund for certain employees is made to defined contribution scheme administered by insurance Company where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from contribution made on monthly basis.

**Bonus Plan**

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**1.16 Provisions and Contingent Liabilities**

**a. Provisions**

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

**b. Contingent Liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**c. Contingent Assets**

Contingent Assets are disclosed, where an inflow of economic benefits is probable. An entity shall not recognise a contingent asset unless the recovery is virtually certain.

**1.17 Contributed Equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**1.18 Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

**1.19 Earnings Per Share**

**Basic Earnings Per Share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares. (Note 41)

**Diluted Earnings Per Share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**1.20 Segment Reporting**

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

The managing director, who has been identified as the chief operating decision maker, assesses the financial performance and position of the Company and makes strategic decisions. Refer Note 48 for the segment information presented.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

### 1.21 Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs with two decimal as per the requirement of Schedule III, unless otherwise stated.

### 1.22 New Standards/ Amendments to Existing Standards Issued but Not Yet Adopted

Following are the amendments to existing standards which have been issued by The Ministry of Corporate Affairs ('MCA') that are not effective for the reporting period and have not been early adopted by the Company:

**Ind AS 115- Revenue from contracts with customers**

Ind AS 115 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

A new five-step process must be applied before revenue can be recognised:

1. Identify contracts with customers
2. Identify the separate performance obligation
3. Determine the transaction price of the contract
4. Allocate the transaction price to each of the separate performance obligations, and
5. Recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after 1 April 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

**Ind AS 21- Foreign Currency Transactions and Advance Consideration**

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

The appendix can be applied:

- Retrospectively for each period presented applying Ind AS 8;
- Prospectively to items in scope of the appendix that are initially recognised
- On or after the beginning of the reporting period in which the appendix is first applied (i.e. 1 April 2018 for entities with March year-end); or
- From the beginning of a prior reporting period presented as comparative information (i.e. 1 April 2017 for entities with March year-end).

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

**Ind AS 40- Investment Property (Transfers of Investment Property)**

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a nonexhaustive list of examples and scope of these examples have been expanded to include assets under construction/development and not only transfer of completed properties.

The amendment provides two transition options. Entities can choose to apply the amendment:

- Retrospectively without the use of hindsight; or
- Prospectively to changes in use that occur on or after the date of initial application (i.e. 1 April 2018 for entities with March year-end). At that date, an entity shall reassess the classification of properties held at that date and, if applicable, reclassify properties to reflect the conditions that exist as at that date.

**Ind AS 12- Income Taxes (Recognition of Deferred Tax Assets on Unrealised Losses)**

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment. An entity shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

**Note 2: Critical Estimates and Judgements**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially

adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements

**Critical Estimates and Judgements**

**a. Estimation of Current Tax Expense and Deferred Income Tax**

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. (Refer Note 35).

The recognition of deferred income tax assets/ liabilities is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts.

**b. Estimation of Provisions & Contingent Liabilities.**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision. (Refer Note 39).

**c. Estimated useful life of Property, Plant and Equipment**

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. For the relative size of the Company's property, plant and equipment and intangible assets (Refer Note 3 and 4).

**d. Estimation of Provision for Inventory**

The Company writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed. Refer Note 9 for details of inventory and provisions.

**e. Estimation of Defined Benefit Obligation**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer Note 31 for the details of the assumptions used in estimating the defined benefit obligation.

**f. Estimated fair value of Financial Instruments.**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Management uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 36.

## Note 3: Property, plant and equipment

| Particulars | Freehold Land | Leasehold Improvements | Building | Plant and Machinery | Vehicles | Furniture and Fixtures | Equipments | Computers | Total | Stores and Spares | Capital work in progress |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Year ended March 31, 2017** | | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | | |
| Deemed cost as at April 1, 2016 | 1,345.73 | 17.31 | 3,524.44 | 23,047.23 | 93.25 | 86.08 | 42.78 | 31.05 | 28,187.87 | 3.52 | 1,414.36 |
| Additions | - | - | 1.71 | 106.01 | 79.24 | 5.39 | 11.33 | 115.21 | 318.89 | 583.74 | 7,061.46 |
| Disposals | - | - | - | (98.92) | (0.38) | - | (4.07) | (0.02) | (103.39) | - | - |
| Transfers | - | - | 628.89 | 5,948.37 | 4.03 | 29.18 | 29.49 | 207.31 | 6,847.27 | (3.52) | (6,843.75) |
| **Closing gross carrying amount** | **1,345.73** | **17.31** | **4,155.04** | **29,002.69** | **176.14** | **120.65** | **79.53** | **353.55** | **35,250.64** | **583.74** | **1,632.07** |
| | | | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | | | |
| Depreciation charge during the year | - | 3.98 | 171.61 | 2,734.13 | 24.95 | 12.03 | 22.13 | 42.38 | 3,011.21 | - | - |
| Disposals | - | - | - | (4.31) | (0.05) | - | (2.70) | - | (7.06) | - | - |
| | | | | | | | | | | | |
| **Closing accumulated depreciation** | **-** | **3.98** | **171.61** | **2,729.82** | **24.90** | **12.03** | **19.43** | **42.38** | **3,004.15** | **-** | **-** |
| | | | | | | | | | | | |
| **Net Carrying amount as at March 31, 2017** | **1,345.73** | **13.33** | **3,983.43** | **26,272.87** | **151.24** | **108.62** | **60.10** | **311.17** | **32,246.49** | **583.74** | **1,632.07** |
| | | | | | | | | | | | |
| **Year ended March 31, 2018** | | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | | |
| Opening gross carrying amount | 1,345.73 | 17.31 | 4,155.04 | 29,002.69 | 176.14 | 120.65 | 79.53 | 353.55 | 35,250.64 | 583.73 | 1,632.07 |
| Additions | 100.70 | - | - | 81.93 | - | 4.94 | 7.03 | 0.83 | 195.43 | 84.06 | 6,525.81 |
| Disposals | - | - | - | (15.24) | - | - | (1.30) | (0.37) | (16.91) | - | - |
| Transfers | - | - | 130.02 | 5,109.72 | - | 42.25 | 88.98 | 76.80 | 5,447.77 | (583.73) | (4,864.03) |
| **Closing gross carrying amount** | **1,446.43** | **17.31** | **4,285.06** | **34,179.10** | **176.14** | **167.84** | **174.24** | **430.81** | **40,876.93** | **84.06** | **3,293.85** |
| | | | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | | | |
| Opening accumulated depreciation | - | 3.98 | 171.61 | 2,729.82 | 24.90 | 12.03 | 19.43 | 42.38 | 3,004.15 | - | - |
| Depreciation charge during the year | - | 3.99 | 185.85 | 2,906.74 | 26.21 | 16.02 | 28.03 | 107.93 | 3,274.77 | - | - |
| Disposals | - | - | - | (3.49) | - | - | (0.55) | (0.12) | (4.16) | - | - |
| | | | | | | | | | | | |
| **Closing accumulated depreciation** | **-** | **7.97** | **357.46** | **5,633.07** | **51.11** | **28.05** | **46.91** | **150.19** | **6,274.76** | **-** | **-** |
| | | | | | | | | | | | |
| **Net carrying amount as at March 31, 2018** | **1,446.43** | **9.34** | **3,927.60** | **28,546.03** | **125.03** | **139.79** | **127.33** | **280.62** | **34,602.17** | **84.06** | **3,293.85** |

Notes:

(i) Refer to Note 18 for information on property, plant and equipment pledged as security by the Company.

(ii) Contractual obligations : Refer to Note 40 for disclosure of contractual commitments for acquisition of property, plant and equipment.

(iii) Additions to fixed assets during the year include capital expenditure of ₹ 513.99 lakhs (March 31, 2017: ₹ 649.72 lakhs, April 1, 2016 : ₹ 1461.64 lakhs) incurred on in-house research and development activities. [Refer Note 44]

(iv) Borrowing costs allocated to fixed assets / capital work in progress is ₹ 107.45 lakhs (March 31, 2017 : ₹ 100.05 lakhs, April 1, 2016 : ₹ 191.78 lakhs).

(v) Net block of freehold land includes ₹ 6.46 Lakhs (March 31, 2017: ₹ 6.46 lakhs , April 1, 2016 : ₹ 8.25 lakhs) and development expenses of ₹ 13.58 lakhs (March 31, 2017: ₹ 13.58 lakhs , April 1, 2016 : ₹ 14.98 lakhs) incurred on such land for which the title is yet to be transferred in the name of the Company.

(vi) Building include certain residential flats aggregating to ₹ 10.18 lakhs (March 31, 2017: ₹ 10.41 lakhs , April 1, 2016 : ₹ 10.65 lakhs) for which document of title deeds are not available with the Company.

(vii) Capital work-in-progress - Capital work-in-progress mainly comprises of new plant and machinery for spinning process being constructed in india.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 4: Intangible Assets

| Particulars | Computer Software | Total |
|---|---|---|
| **Year ended March 31, 2017** | | |
| **Gross carrying amount** | | |
| Deemed cost as at April 1, 2016 | 41.71 | 41.71 |
| Additions | 40.86 | 40.86 |
| **Closing gross carrying amount** | **82.57** | **82.57** |
| | | |
| **Accumulated amortisation** | | |
| Amortisation charge during the year | 16.05 | 16.05 |
| **Closing accumulated amortisation** | **16.05** | **16.05** |
| | | |
| **Net Carrying amount as at March 31, 2017** | **66.52** | **66.52** |
| | | |
| **Year ended March 31, 2018** | | |
| **Gross carrying amount** | | |
| Opening gross carrying amount | 82.57 | 82.57 |
| Additions | 59.50 | 59.50 |
| Disposals | (25.26) | (25.26) |
| **Closing gross carrying amount** | **116.81** | **116.79** |
| | | |
| **Accumulated amortisation** | | |
| Opening accumulated amortisation | 16.05 | 16.05 |
| Amortisation charge during the year | 22.61 | 22.61 |
| Amortisation on disposals | (5.32) | (5.32) |
| **Closing accumulated amortisation** | **33.34** | **33.34** |
| | | |
| **Net carrying amount as at March 31, 2018** | **83.47** | **83.47** |

## Note 5: Non-Current Investments

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **(A) Quoted** | | | |
| Welspun India Limited Nil (March 31, 2017: 14,850, April 1, 2016: 14,850) equity shares of ₹ 1 each fully paid up | - | 12.95 | 14.75 |
| Welspun Investments and Commercials Limited Nil (March 31, 2017: 67, April 1, 2016: 67) equity shares of ₹ 10 each fully paid up | - | 0.06 | 0.04 |
| **(B) Unquoted** | | | |
| Welspun Steel Limited Nil (March 31, 2017: 100, April 1, 2016: 100) equity shares of ₹ 10 each fully paid up | - | 0.02 | 0.02 |
| **Total** | **-** | **13.03** | **14.81** |

## Note 6: Non-Current Financial Assets - Other Financial Assets

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Security deposits | 7.01 | 18.75 | 8.04 |
| Margin deposits with banks | - | 7.17 | 7.17 |
| Interest accrued on above deposits | - | 0.57 | 0.08 |
| **Total** | **7.01** | **26.49** | **15.29** |

## Note 7: Deferred Tax Assets (Net)

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Deferred tax assets** | | | |
| Unabsorbed tax losses - depreciation | 2,003.11 | 1,606.75 | 1,780.07 |
| Employee benefits / expenses allowable on payment basis | 311.00 | 269.08 | 225.72 |
| MAT credit entitlement | 4,789.81 | 4,607.11 | 3,589.00 |
| **Total (A)** | **7,103.92** | **6,482.94** | **5,594.79** |
| **Deferred tax liabilities** | | | |
| Depreciation on property, plant, equipment and intangible assets | 4,643.05 | 4,164.34 | 3,533.64 |
| **Total (B)** | **4,643.05** | **4,164.34** | **3,533.64** |
| **Net defered tax assets / (liabilities)** | **2,460.87** | **2,318.60** | **2,061.15** |

**Note:**
Unrecognised deferred tax asset on temporary differences relating to unused tax losses (capital loss) : ₹ 742.39 lakhs (March 31, 2017 : ₹ 742.39 lakhs, April 1, 2016 : ₹ 742.39 lakhs). This will expire in various years upto financial year 2021-22.

## Note 8: Other Non-Current Assets

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Capital advances | 1,976.62 | 1,130.90 | 1,156.87 |
| Prepaid expenses | 29.66 | 29.47 | 21.98 |
| Balances with Government authorities | 226.24 | 279.29 | 217.30 |
| Less : Provision for doubtful balances | - | (217.30) | (217.30) |
| **Total** | **2,232.52** | **1,222.36** | **1,178.85** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 9: Inventories

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Raw Materials** | | | |
| -In stock | 2,627.49 | 2,526.72 | 1,851.27 |
| -In transit | 141.35 | - | - |
| **Goods-in-process** | 1,350.48 | 1,014.01 | 692.88 |
| **Finished goods** | | | |
| -In stock | 2,815.07 | 2,138.09 | 1,250.42 |
| -In transit | 595.88 | 575.81 | 474.04 |
| Stores, spares and packing material | 1,461.38 | 1,445.37 | 1,400.91 |
| **Total** | **8,991.65** | **7,700.00** | **5,669.52** |

Refer Note 1.12 for basis of valuation

## Note 10: Current Investments

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| UTI Bond Fund - Growth: Units Nil (March 31 2017: 27,70,398, April 1, 2016: Nil) of ₹ 49.94 each | - | 1,383.45 | - |
| UTI Spread Fund - Growth: Units Nil (March 31, 2017: 14,04,403, April 1, 2016: Nil) of ₹ 22.12 each | - | 310.61 | - |
| UTI Liquid Cash Plan - Institutional - Growth: Units 24,714 (March 31, 2017: Nil, April 1, 2016: Nil) of ₹ 2,836.79 each | 701.09 | - | - |
| **Total** | **701.09** | **1,694.06** | **-** |

## Note 11: Trade Receivables - Unsecured, Considered Good

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Trade receivables | 7,881.26 | 4,813.17 | 5,817.46 |
| Receivables from related parties (Refer Note 47) | 687.61 | 1,307.54 | 495.83 |
| **Total** | **8,568.87** | **6,120.71** | **6,313.29** |

## Note 12: Cash and Cash Equivalents

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Balance with banks in current accounts | 753.39 | 901.56 | 3,832.53 |
| Cash on hand | 17.21 | 12.30 | 3.59 |
| **Total** | **770.60** | **913.86** | **3,836.12** |

**Notes:**
There are restricted bank balances on account of unpaid dividend - ₹ 0.36 lakhs (March 31, 2017 : ₹ 0.36 lakhs, April 1, 2016 : ₹ 0.36 lakhs).

## Note 13: Bank Balances Other Than Cash and Cash Equivalents Above

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Balance with banks in: | | | |
| - In escrow accounts [Refer Note (a) below] | 534.60 | 310.27 | 415.47 |
| - In margin money deposits with banks having original maturity period upto twelve months [Refer Note (b) below] | 1,512.87 | 1,184.55 | 1,241.91 |
| **Total** | **2,047.47** | **1,494.82** | **1,657.38** |

Notes:
(a) Balances in escrow accounts are restricted bank balances against maturities and interest payments of borrowings.
(b) Margin money deposits with banks having maturity period more than 12 months are disclosed under "Non-current financial assets - Other financial assets" (Refer Note 6).

## Note 14: Current Financial Assets - Loans Unsecured, Considered Good

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Loans and advances to employees | 97.28 | 71.20 | 39.12 |
| **Total** | **97.28** | **71.20** | **39.12** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 15: Current Financial Assets - Others

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Security deposits | 101.37 | 25.28 | 25.28 |
| Interest accrued on fixed deposits | 32.63 | 30.08 | 28.41 |
| Export benefits receivable | 61.87 | 65.73 | 108.64 |
| **Total** | **195.87** | **121.09** | **162.33** |

## Note 16: Other Current Assets

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Assets held for disposal | 7.49 | 2.50 | - |
| Advances to vendors (recoverable in cash or kind) | 260.89 | 692.03 | 506.23 |
| Prepaid Expenses | 160.55 | 117.18 | 96.64 |
| Balances with government authorities | 3,159.52 | 1,756.74 | 2,048.00 |
| Other receivables | 193.29 | 214.60 | 216.01 |
| **Total** | **3,781.74** | **2,783.05** | **2,866.88** |

## Note 17: (a): Equity Share Capital

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Authorized equity share capital** | | | |
| 9,20,00,000 (March 31, 2017: 9,20,00,000, April 1, 2016: 9,20,00,000) Equity Shares of ₹ 10/- each | 9,200.00 | 9,200.00 | 9,200.00 |
| 2,80,00,000 (March 31, 2017: 2,80,00,000, April 1, 2016: 2,80,00,000) Optionally Convertible Cumulative Preference Shares of ₹ 10/- each | 2,800.00 | 2,800.00 | 2,800.00 |
| | **12,000.00** | **12,000.00** | **12,000.00** |
| **Issued, subscribed and fully paid up equity share capital** | | | |
| 45,589,568 (March 31, 2017: 3,92,39,568, April 1, 2016: 3,92,39,568) Equity Shares of ₹ 10/- each fully paid up | 4,558.96 | 3,923.96 | 3,923.96 |
| **Total** | **4,558.96** | **3,923.96** | **3,923.96** |

### i. Movement in Equity Share Capital

| Particulars | Number of equity shares | ₹ in Lakhs |
|---|---|---|
| As at April 1, 2016 | 39,239,568 | 3,923.96 |
| Add/(less): Increase/ (decrease) during the year | - | - |
| As at March 31, 2017 | 39,239,568 | 3,923.96 |
| Add: Preferential allotment of equity shares to holding Company (Refer Note 17(a)(iv) below) | 6,350,000 | 635.00 |
| As at March 31, 2018 | 45,589,568 | 4,558.96 |

### ii. Terms/ Rights Attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. All issued shares rank pari-passu and have same voting rights per share. The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### iii. Shares Reserved for Issue Under Warrants

43,16,666 warrants of ₹ 75 per warrant have been issued and allotted to Mandawewala Enterprises Limited on 8th March 2018. 25% of the face value is paid at the time of allotment and balance 75% is payable on conversion into equity shares at the option of holder of the warrant, within 18 months from the date of allotment.

### iv. Equity Shares Held by Holding Company

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Mandawewala Enterprises Limited | 31,913,632 | 25,563,632 | 25,563,632 |

6,350,000 equity shares of ₹ 10 at a premium of ₹ 65 per share have been issued and allotted to Mandawewala Enterprises Limited, during the year. Out of this, 6,000,000 equity shares have been issued and allotted by converting corporate loan of ₹ 4,500 lakhs given by Mandawewala Enterprises Limited.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## v. Details of Shareholders Holding More Than 5% Equity Shares

| Particulars | | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|
| Mandawewala Enterprises Limited | Number of equity shares | 31,913,632 | 25,563,632 | 25,563,632 |
| Mandawewala Enterprises Limited | Percentage of holding | 70.00% | 65.15% | 65.15% |

## Note 17 (b): Other Equity - Reserves and Surplus

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Capital reserve | 2,664.93 | 2,664.93 | 2,664.93 |
| Capital redemption reserve | 293.36 | 293.36 | 293.36 |
| Debenture redemption reserve | - | 107.06 | 107.06 |
| Securities premium reserve | 4,168.05 | 40.55 | 40.55 |
| General reserve | 107.06 | - | - |
| Retained earnings | 17,198.65 | 16,404.47 | 12,404.01 |
| **Total** | **24,432.05** | **19,510.37** | **15,509.91** |

| **Movement:** | | | |
|---|---|---|---|
| **- Capital reserve** | | | |
| As per last balance sheet | 2,664.93 | 2,664.93 | 2,664.93 |
| Add/(less): Changes during the year | - | - | - |
| | **2,664.93** | **2,664.93** | **2,664.93** |
| **- Capital redemption reserve** | | | |
| As per last balance sheet | 293.36 | 293.36 | 293.36 |
| Add/(less): Changes during the year | - | - | - |
| | **293.36** | **293.36** | **293.36** |
| **- Debenture redemption reserve** | | | |
| As per last balance sheet | 107.06 | 107.06 | 107.06 |
| (less): Transferred to general reserve during the year | (107.06) | - | - |
| | **-** | **107.06** | **107.06** |
| **- Securities premium reserve** | | | |
| As per last balance sheet | 40.55 | 40.55 | 40.55 |
| Add: Premium received on preferential allotment of equity shares to holding Company (Refer Note 17(a)(i)) | 4,127.50 | - | - |
| | **4,168.05** | **40.55** | **40.55** |
| **- General reserve** | | | |
| As per last balance sheet | - | - | - |
| Add:Transferred from debenture redemption reserve during the year | 107.06 | - | - |
| | **107.06** | **-** | **-** |

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **- Retained earnings** | | | |
| As per last balance sheet | 16,404.47 | 12,404.01 | 7,607.10 |
| Add/(Less): | | | |
| Profit for the year | 800.05 | 4,053.87 | 4,796.91 |
| Item of other comprehensive income recognized directly in retained earnings | | | |
| - Remeasurement gains/(losses) on defined benefit plan (net of tax) | (5.87) | (53.41) | - |
| | **17,198.65** | **16,404.47** | **12,404.01** |

## Note 17 (c): Other Equity - Money Received Against Share Warrants

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| As per last balance sheet | - | - | - |
| Add: Share warrants issued to Mandawewala Enterprises Limited [Refer Note 17(a)(iii)] | 809.37 | - | - |
| **Total** | **809.37** | **-** | **-** |

## Nature and Purpose of Reserves

### i. Capital Reserve

Capital reserve represents capital surplus and is not available for distribution as dividend.

### ii. Securities Premium Reserve

Securities premium is used to record the premium received on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

### iii. Capital Redemption Reserve (CRR)

CRR is created on redemption of Preference Shares in accordance with the provisions of the Act.

### iv. Debenture Redemption Reserve (DRR)

DRR was created on issue of Debentures in the earlier years. This has been transferred to General Reserve as the Debentures have been redeemed.

### v. General Reserve

General Reserve represents appropriation of profits by the Company.

### vi. Retained Earnings

Retained earnings represent the accumulated undistributed earnings.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 18: Non-Current Borrowings

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Secured** | | | |
| **Term loans from banks** | | | |
| - Rupee loans | 16,712.90 | 15,423.05 | 14,200.43 |
| - Foreign currency loans | 2,668.27 | 4,127.25 | 5,366.13 |
| **Unsecured, considered good** | | | |
| Inter-corporate deposits from related parties | 1,200.00 | 2,000.00 | - |
| Amount disclosed under the head "Current maturities of long-term borrowings" | (4,174.31) | (3,575.86) | (2,884.96) |
| **Total** | **16,406.86** | **17,974.44** | **16,681.60** |

**Note:**
The rate of interest on the Non-current borrowings in the table above are in range of 9.5% to 11% (March 31, 2018), 11 % to 12 % (March 31, 2017) and 11.45% to 12.70% (April 1, 2016). These loans are eligible for Central and State Government interest subsidies/rebates.

| Particulars | Last installment due | Terms of Repayment | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|---|
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | January 2019 | Repayable in 3 quarterly installments commencing from July 2018 | 325.57 | - | - |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | March 2019 | Repayable in 12 quarterly installments commencing from June 2016 | 933.74 | 1,804.23 | 2,487.23 |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | January 2021 | Repayable in 28 quarterly installments commencing from April 2014 | 2,486.95 | 3,189.98 | 3,886.94 |
| External Commerical Borrowings is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | March 2021 | Repayable in 28 quarterly installments commencing from June 2014 | 2,668.27 | 3,370.90 | 4,175.39 |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | April 2021 | Repayable in 24 quarterly installments commencing from July 2015 | 740.89 | 940.41 | 1,140.00 |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | October 2023 | Repayable in 28 quarterly installments commencing from Jan 2017 | 1,050.01 | 1,140.01 | 1,129.02 |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | October 2023 | Repayable in 28 quarterly installments commencing from Jan 2017 | 1,744.20 | 1,942.60 | 1,992.27 |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | December 2023 | Repayable in 26 quarterly installments commencing from July 2017 | 1,350.00 | 1,500.00 | 1,500.00 |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | March 2024 | Repayable in 28 quarterly installments commencing from July 2017 | 1,822.56 | 1,887.91 | 1,436.75 |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | March 2025 | Repayable in 28 quarterly installments commencing from June 2018 | 2,076.56 | 1,819.50 | 378.19 |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | June 2025 | Repayable in 28 quarterly installments commencing from October 2018 | 1,290.65 | 200.77 | - |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

| Particulars | Last installment due | Terms of Repayment | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|---|---|
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | June 2025 | Repayable in 28 quarterly installments commencing from October 2018 | 1,475.57 | 1,000.12 | - |
| Rupee term loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | October 2026 | Repayable in 28 quarterly installments commencing from December 2019 | 1,416.21 | - | - |
| Foreign Currency Term Loan is secured by 1st pari passu charge over the present and future fixed assets, all movable and immovable properties and 2nd pari passu charged over current assets of the company | February 2018 | Repayable in 30 quarterly installments commencing from October 2011 | - | 753.87 | 1,190.77 |
| Rupee term loan is secured by 1st pari passu charge on entire current assets with working capital lenders and 2nd pari passu charge over the present and future fixed assets | June 2016 | Repayable in 4 quarterly installments commencing from March 2015 | - | - | 250.00 |
| | | | **19381.17** | **19550.30** | **19566.56** |

## Note 19: Non-Current Employee Benefit Obligations

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Provision for Gratuity (Refer Note 31) | 672.19 | 593.90 | 452.14 |
| Provision for compensated absences (Refer Note 31) | - | - | - |
| **Total** | **672.19** | **593.90** | **452.14** |

## Note 20: Current Financial Liabilities - Borrowings

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Secured** | | | |
| Working capital loan from banks | | | |
| - Rupee loans | 2,668.20 | 1,022.62 | 1,503.30 |
| - Foreign currency loans | 1,482.68 | 628.46 | - |
| **Unsecured** | | | |
| Buyers' credit from banks | 854.68 | 423.77 | 373.54 |
| **Total** | **5,005.56** | **2,074.85** | **1,876.84** |

Note:

The working capital loans, which includes cash credit and packing credit from banks, are secured by hypothecation of raw material, stock-in-process, finished goods, semi finished goods, stores, spares and book debts and other current assets of the Company and second charge on entire fixed assets of the Company.

## Note 21: Trade Payables

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Acceptances | 5,055.01 | 5,101.03 | 7,170.09 |
| Due to micro, small and medium enterprises (Refer Note 42) | 45.70 | 55.22 | 91.83 |
| Due to others | 5,254.07 | 4,013.18 | 2,739.28 |
| **Total** | **10,354.78** | **9,169.43** | **10,001.20** |

## Note 22: Other Current Financial Liabilities

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Current maturities of long-term borrowings (Refer Note 18) | 4,174.31 | 3,575.86 | 2,884.96 |
| Interest accrued but not due on borrowings | 109.98 | 116.21 | 93.76 |
| Unclaimed dividend (Refer Note (a) below) | 0.36 | 0.36 | 0.36 |
| Creditors for capital purchases | 374.44 | 717.06 | 249.09 |
| Security deposits | 66.58 | 67.15 | 65.77 |
| Provision for mark to market losses on derivative contract | 3.04 | 27.61 | 39.06 |
| **Total** | **4,728.71** | **4,504.25** | **3,333.00** |

Note:

a. There are no amounts due for payments to the investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end

Section 125 of the Companies Act, 2013 which corresponds to Section 205C of the Companies Act 1956 has not yet been enforced.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 23: Current Employee Benefit Obligations

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Provision for gratuity (Refer Note 31) | 38.69 | 31.29 | 36.95 |
| Provision for compensated absences (Refer Note 31) | 170.10 | 152.32 | 163.11 |
| Employee benefit payables | 153.08 | 381.45 | 515.63 |
| **Total** | **361.87** | **565.06** | **715.69** |

## Note 24: Current tax Liabilities

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Provision for direct tax (net of advance tax) | - | - | 365.03 |
| **Total** | **-** | **-** | **365.03** |

## Note 25: Other Current Liabilities

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Advance from customers | 448.67 | 388.10 | 349.83 |
| Statutory dues | 139.50 | 303.73 | 253.00 |
| **Total** | **588.17** | **691.83** | **602.83** |

## Note 26: Revenue from Operations

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Sale of products | 84,792.34 | 81,694.64 |
| Job work revenue | 265.57 | - |
| **Total** | **85,057.91** | **81,694.64** |

## Note 27: Other Operating Income

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Sale of scrap | 321.30 | 288.00 |
| Export incentives (Refer Note below) | 737.83 | 819.11 |
| **Total** | **1,059.13** | **1,107.11** |

**Note:**
Export incentives includes duty drawback and merchandise export incentive scheme. Also, Refer Note 1.5.

## Note 28: Other Income

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Exchange difference (net) | 185.51 | - |
| Interest income on: | | |
| - Fixed deposits | 97.06 | 87.35 |
| - Others | 93.13 | 57.78 |
| Profit on sale of current investments/investments | 53.18 | 178.99 |
| Gain on fair valuation of investment | 1.08 | 7.66 |
| Dividend income on current investments | - | 8.01 |
| Miscellaneous income | 128.99 | 38.68 |
| **Total** | **558.95** | **378.47** |

## Note 29: Cost of Materials Consumed

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Raw material consumed** | | |
| Inventory at the beginning of the year | 2,526.72 | 1,851.27 |
| Add: Purchases (net) | 49,708.18 | 42,693.04 |
| | 52,234.90 | 44,544.31 |
| Less: Inventory at the end of the year | 2,768.84 | 2,526.72 |
| **Total** | **49,466.06** | **42,017.59** |

## Note 30: Changes in Inventories of Finished Goods and Goods-In-Process

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **Inventory at the end of the year** | | |
| Goods-in-process | 1,350.48 | 1,014.01 |
| Finished goods | 3,410.95 | 2,713.90 |
| | 4,761.43 | 3,727.91 |
| **Less: Inventory at the beginning of the year** | | |
| Goods-in-process | 1,014.01 | 692.88 |
| Finished goods | 2,713.90 | 1,724.46 |
| | 3,727.91 | 2,417.34 |
| **Total changes in inventories of finished goods and goods-in-process** | **(1,033.52)** | **(1,310.57)** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 31: Employee Benefit Expenses

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Salaries, wages and allowances | 5,721.52 | 4,919.14 |
| Contribution to provident and other funds | 331.54 | 217.76 |
| Gratuity | 135.89 | 112.79 |
| Managerial remuneration | 105.38 | 287.64 |
| Staff welfare expenses | 285.06 | 297.77 |
| **Total** | **6,579.39** | **5,835.10** |

### I. Defined Contribution Plans

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| **During the year, the Company has recognized the following amounts in the statement of Profit and Loss:** | | |
| Employers' Contribution to Provident Fund* | 298.56 | 191.36 |
| Employers' Contribution to Employees' State Insurance * | 32.60 | 25.97 |
| Employers' Contribution to Labour welfare fund* | 0.38 | 0.43 |
| **Total** | **331.54** | **217.76** |

* Included in Contribution to Provident and Other Funds

### II. Defined Benefit Plan

### Contribution to Gratuity

The Company provides for every employee who is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier.

### Risk exposure

These defined benefit plans expose the Company to actuarial risk such as longitivity risks, interest rate risks, market (investment) risks.

### a. Major Assumptions

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| | % p.a. | % p.a. |
| Discount Rate | 7.73 | 7.55 |
| Salary Escalation Rate * | 6.50 | 6.00 |
| Rate of Employee Turnover: | | |
| -Upto 30 years | 3.00 | 3.00 |
| -From 31 to 44 years | 3.00 | 2.00 |
| -Above 44 years | 1.00 | 1.00 |
| Mortality Rate During Employment | 100% of IALM | 100% of IALM |

* The estimates for future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

### b. Change in the Present Value of Obligation

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Opening Present Value of Obligation | 625.19 | 489.10 |
| Current Service Cost | 88.69 | 73.66 |
| Interest Cost | 47.20 | 39.13 |
| **Total amount recognized in profit or loss** | **135.89** | **112.79** |
| Remeasurement | | |
| (Gain)/Loss from change in demographic assumptions and experience adjustments | (35.20) | (4.56) |
| (Gain)/Loss from change in financial assumptions | 44.22 | 86.24 |
| **Total amount recognized in other comprehensive income** | **9.02** | **81.68** |
| Benefit/ Exgratia paid | 59.22 | 58.38 |
| **Closing Present Value of Obligation** | **710.88** | **625.19** |

### c. Amount Recognized in the Balance Sheet

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Present value of Obligation | 710.88 | 625.19 |
| Fair Value of Plan Assets | - | - |
| Funded Status (Surplus/ (Deficit)) | (710.88) | (625.19) |
| Expense recognized in Statement of Profit and Loss | 144.91 | 194.47 |
| **Net (liability)/ Asset Recognized in the Balance Sheet** | **(710.88)** | **(625.19)** |

### d. Expenses Recognized in Profit and Loss

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Current Service Cost | 88.69 | 73.66 |
| Interest Cost | 47.20 | 39.13 |
| **Total Expenses recognized in the of profit or loss*** | **135.89** | **112.79** |

* Included in Employee Benefits Expense.

### e. Expenses Recognized in Other Comprehensive Income

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Re-measurement (Refer Note b above) | | |
| Actuarial (Gains)/Losses on Obligation For the year | 9.02 | 81.68 |
| **Net (Income)/Expenses for the Period Recognized in OCI** | **9.02** | **81.68** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

### f. Sensitivity Analysis

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Projected Benefit Obligation on Current Assumptions | 710.88 | 625.19 |
| Delta Effect of +0.5% Change in Rate of Discounting | (3.07) | (2.49) |
| Delta Effect of -0.5% Change in Rate of Discounting | 3.08 | 3.70 |
| Delta Effect of +0.5% Change in Rate of Salary Increase | 3.63 | 3.77 |
| Delta Effect of -0.5% Change in Rate of Salary Increase | (3.60) | (2.79) |
| Delta Effect of +0.5% Change in Rate of Employee Turnover* | - | - |
| Delta Effect of -0.5% Change in Rate of Employee Turnover* | - | - |

* Amounts less than ₹ 1000 are denoted by " - "

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

### g. Defined Benefit Liability and Employer Contributions

The Company considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

Expected contribution to post-employment benefit plans for the year ending March 31, 2018 is ₹ 150.03 Lakhs.

The weighted average duration of the defined benefit obligation is 11 years (2016 -12 years, 2015 - 12 years). The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars | Less than a year | More than one year | Total |
|---|---|---|---|
| **As at March 31, 2018** | | | |
| Defined benefit obligation (gratuity) | 38.69 | 672.19 | 710.88 |
| **As at March 31, 2017** | | | |
| Defined benefit obligation (gratuity) | 31.29 | 593.90 | 625.19 |

### III. Other Employee Benefit

The liability for compensated absences as at year end is ₹ 170.10 Lakhs (March 31, 2017: ₹ 152.32 Lakhs, April 1, 2016: ₹ 163.11 Lakhs)

## Note 32: Depreciation and Amortization Costs

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Depreciation on property, plant and equipment (Refer Note 3) | 3,274.77 | 3,011.20 |
| Amortization of intangible assets (Refer Note 4) | 22.61 | 16.05 |
| **Total** | **3,297.38** | **3,027.25** |

## Note 33: Other Expenses

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Stores and spares consumed | 2,568.08 | 2,679.76 |
| Packing materials consumed | 3,315.07 | 2,750.50 |
| Dyes and chemicals consumed | 4,258.28 | 3,741.78 |
| Power, fuel and water | 5,720.23 | 5,094.67 |
| Increase/(decrease) in excise duty on finished goods | (176.72) | 71.83 |
| Contract labour charges | 1,403.25 | 1,014.92 |
| Repairs and maintenance: | | |
| -Buildings | 122.64 | 130.21 |
| -Property, plant and equipment | 602.10 | 482.42 |
| -Others | 334.82 | 456.90 |
| Rent (Refer Note 45) | 392.26 | 298.89 |
| Rates and taxes | 95.46 | 25.39 |
| Insurance | 141.22 | 113.80 |
| Directors sitting fees | 19.55 | 14.64 |
| Printing and stationery | 37.92 | 34.71 |
| Travelling and conveyance expenses | 494.84 | 593.27 |
| Legal and professional charges | 542.41 | 793.87 |
| Communication charges | 74.05 | 91.75 |
| Vehicle expenses | 121.52 | 111.28 |
| Loss on sale/discard of property, plant and equipment (net) | 26.60 | 78.11 |
| Freight and forwarding expenses | 1,624.52 | 1,153.23 |
| Exchange difference (net) | - | 0.05 |
| Brokerage and commission | 1,201.75 | 1,123.61 |
| Payment to auditors [Refer Note (a) below] | 23.43 | 20.84 |
| Donations | 10.88 | 8.15 |
| Corporate social responsibility expenditure | 93.56 | 87.93 |
| Miscellaneous expenses | 607.10 | 688.98 |
| **Total** | **23,654.82** | **21,661.49** |
| **Note (a) Payment to auditors for:** | | |
| As auditor: | | |
| -Audit fees | 19.00 | 15.00 |
| -Tax audit | 1.50 | 2.50 |
| In other capacities: | | |
| -Certifications | 2.60 | 3.02 |
| -Reimbursement of expenses | 0.33 | 0.32 |
| **Total** | **23.43** | **20.84** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 34: Finance Cost

| Particulars | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Interest and finance charges on financial liabilities (net of interest subsidy for year ended March 31, 2018: ₹ 318.99 lakhs, March 31, 2017: ₹ 307.86 lakhs) | | |
| - Long term borrowings | 1,730.07 | 1,485.61 |
| - Short term borrowings | 253.02 | 183.63 |
| - Others | 24.71 | 38.41 |
| Bank and other financial charges | 784.96 | 564.87 |
| **Total** | **2,792.76** | **2,272.52** |

## Note 35: Income Tax Expense

a. This note provides an analysis of the Company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

i. Income tax related to items recognised directly in profit or loss of the Statement of Profit and Loss

| Particulars | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|
| **Current tax** | | |
| Current tax on profits for the year* | 182.70 | 1,018.10 |
| Adjustments for current tax of prior periods | - | (33.61) |
| Current tax (A) | 182.70 | 984.49 |
| Deferred tax | | |
| Decrease/(increase) in deferred tax assets# | (617.83) | 788.92 |
| (Decrease)/increase in deferred tax liabilities | 478.71 | (1,018.10) |
| Deferred tax (B) | (139.12) | (229.18) |
| Income tax expense charged to profit or loss (C) = (A) + (B) | 43.58 | 755.31 |

*Current Tax : Net of : Nil, March 31, 2017 : ₹ 33.61 lakhs excess provision for tax in earlier year written back.

#Deferred Tax : Net of Minimum Alternate Tax Credit availed: ₹ 182.70 lakhs, March 31, 2017 : ₹ 1,018.10 lakhs.

ii. Deferred tax related to items recognized in other comprehensive income (OCI)

| Particulars | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|
| Deferred tax on remeasurement gains/(losses) on defined benefit plan | 3.15 | 28.27 |
| **Deferred tax charged to other comprehensive income** | **3.15** | **28.27** |

b. The reconciliation of estimated income tax expense at the Indian statutory income tax rate to the income tax expenses reported in statement of profit and loss is as follows:

| Particulars | Year Ended March 31, 2018 | Year Ended March 31, 2017 |
|---|---|---|
| **Profit before income tax** | 843.63 | 4,809.18 |
| **Expected tax expense at the enacted tax rate in India** | 291.96 | 1,664.36 |
| Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense: | | |
| 1) Non-deductible expenses | | |
| Donations and CSR Expenditure | 36.14 | 33.25 |
| Other items | 47.08 | 76.94 |
| 2) Tax benefit items | | |
| Research and development expenditure | (191.52) | (439.86) |
| Investment allowance under section 32AC | - | (268.71) |
| Other items | (139.75) | (219.23) |
| 3) Adjustment in deferred tax relating to prior year | 0.00 | (91.44) |
| 4) Effect of changes in tax rate | (0.34) | - |
| **Income tax expense charged to the statement of profit and loss** | **43.58** | **755.31** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 36: Fair Value Measurements

### Financial Instruments by Category:

| Financial assets | Note | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|---|
| | | Amortised cost | FVTPL | Amortised cost | FVTPL | Amortised cost | FVTPL |
| Trade receivables | 11 | 8,568.87 | - | 6,120.71 | - | 6,313.29 | - |
| Margin money deposits with banks | 6, 13 | 1,512.87 | - | 1,191.72 | - | 1,249.08 | - |
| Cash and cash equivalents | 12 | 770.60 | - | 913.86 | - | 3,836.12 | - |
| Investments | 5, 10 | - | 701.09 | - | 1,707.09 | - | 14.81 |
| Bank balances other than cash & cash equivalents above | 13 | 534.60 | - | 310.27 | - | 415.47 | - |
| Security deposits | 6, 15 | 108.38 | - | 44.03 | - | 33.32 | - |
| Loans | 14 | 97.28 | - | 71.20 | - | 39.12 | - |
| Export benefits receivable | 15 | 61.87 | - | 65.73 | - | 108.64 | - |
| Interest accrued on fixed deposits | 6, 15 | 32.63 | - | 30.65 | - | 28.49 | - |
| **Total financial assets** | | **11,687.10** | **701.09** | **8,748.17** | **1,707.09** | **12,023.52** | **14.81** |

| Financial liabilities | Note | As at March 31, 2018 | | As at March 31, 2017 | | As at April 1, 2016 | |
|---|---|---|---|---|---|---|---|
| | | Amortised cost | FVTPL | Amortised cost | FVTPL | Amortised cost | FVTPL |
| Borrowings | 18, 20, 22 | 25,586.73 | - | 23,625.15 | - | 21,443.40 | - |
| Trade payables | 21 | 10,354.78 | - | 9,169.43 | - | 10,001.20 | - |
| Payable for capital goods | 22 | 374.44 | - | 717.06 | - | 249.09 | - |
| Interest accrued but not due on borrowings | 22 | 109.98 | - | 116.21 | - | 93.76 | - |
| Security deposits received | 22 | 66.58 | - | 67.15 | - | 65.77 | - |
| Derivative instruments | 22 | - | 3.04 | - | 27.61 | - | 39.06 |
| Unclaimed dividend | 22 | 0.36 | - | 0.36 | - | 0.36 | - |
| **Total financial liabilities** | | **36,492.87** | **3.04** | **33,695.36** | **27.61** | **31,853.58** | **39.06** |

### Fair Value Hierarchy

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the Ind AS. An explanation for each level is given below.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed Equity instruments, exchange traded funds and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing Net Assets Value (NAV), NAV represents the price at which, the issuer will issue further units and will redeem such units of mutual funds to and from the investors.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Instruments in the level 2 category for the Company include foreign exchange forward contracts.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in this level.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

There are no internal transfers of financial assets and financial libilities between Level 1, Level 2, Level 3 during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of the reporting period.

| Financial assets and liabilities measured at fair value measurements | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | | | |
| Investments | 701.09 | - | - | 1,707.09 | - | - | 14.81 | - | - |
| **Financial liabilities** | | | | | | | | | |
| **Derivatives not designated as hedges** | | | | | | | | | |
| Foreign exchanges forward cover | - | 3.04 | - | - | 27.61 | - | - | 39.06 | - |

| Financial assets and liabilities measured at amortised cost for which fair values are disclosed | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | | | | |
| Margin money deposits with banks | 1,512.87 | - | - | 1,191.72 | - | - | 1,249.08 | - | - |
| Security deposits | - | 108.38 | - | - | 44.03 | - | - | 33.32 | - |
| Loans | - | 97.28 | - | - | 71.20 | - | - | 39.12 | - |
| Interest accrued on fixed deposits | 32.63 | - | - | 30.65 | - | - | 28.49 | - | - |
| **Financial liabilities** | | | | | | | | | |
| Borrowings | 25,586.73 | - | - | 23,625.15 | - | - | 21,443.40 | - | - |
| Interest accrued but not due on borrowings | 109.98 | - | - | 116.21 | - | - | 93.76 | - | - |
| Security Deposits received | - | 66.58 | - | - | 67.15 | - | - | 65.77 | - |

The carrying amounts of trade receivables, cash and cash equivalents, fixed deposit having maturity period upto 12 months and its interest accrued, export benefits receivable, current loans, current borrowings, trade payables and other financial liabilities are considered to be approximately same as their value, due to the short -term maturities of these financial assets/liabilities.

The fair values of fixed deposits having maturity period of more than 12 months and its interest accrued, non-current security deposits, balances with government authorities and non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs. During the periods mentioned above, there have been no transfers amongst the levels of hierarchy.

**Valuation Techniques Used to Determine Fair Value:**

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign exchange forward contracts is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis
- All of the resulting fair value estimates are included in level 2 except for unlisted preference shares, where the fair values have been determined based on present values where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 37: Capital Management

### Risk Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments.

The funding requirements are met through a mixture of equity, internal fund generation and other long term borrowings. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

For the purpose of the Company's capital management, equity includes issued capital, securities premium and other reserves. Net debt includes loans less cash and bank balances. The Company manages capital by monitoring gearing ratio which is net debt divided by equity plus net debt. The Company's strategy is to maintain a gearing ratio within 2:1.

The capital composition is as follows:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Gross debt (inclusive of long term and short term borrowing) | 25,586.73 | 23,625.15 | 21,443.40 |
| Less: - Cash and bank balances | 2,818.07 | 2,408.68 | 5,493.50 |
| Net debt | 22,768.66 | 21,216.47 | 15,949.90 |
| Total equity | 29,800.38 | 23,434.33 | 19,433.87 |
| **Net debt to equity ratio** | **0.76** | **0.91** | **0.82** |

### Loan Covenants

Bank loans contain certain debt covenants relating to limitation on indebtedness, debt-equity ratio, debt to EBITDA ratio, interest service coverage ratio and debt service coverage ratio. The limitation on indebtedness covenant gets suspended once the Company meets certain prescribed criteria. The debt covenant related to limitation on indebtedness remained suspended as of the date of adoption of the financial statements. The Company has also satisfied all other debt covenants prescribed in the respective sanction of bank loan.

## Note 38: Financial Risk Management

The Company's activities are exposed to market risk liquidity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Company , derivative financial instruments, such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purpose and not as trading or speculative instruments.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost. | Aging analysis | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |
| Market risk – foreign exchange | Future commercial transactions Recognised financial assets and liabilities not denominated in Indian Rupee (INR) | Cash flow forecasting Sensitivity analysis | Forward Foreign Exchange Contracts |
| Market risk – interest rate | Long-term borrowings at variable rates | Sensitivity analysis | Interest rate swaps |
| Market risk – security prices | Investments in Bonds | Sensitivity analysis | Portfolio diversification |

The Company's risk management is carried out by a central treasury department under policies approved by the Board of Directors. Company's treasury team identifies, evaluates and hedges financial risks in close cooperation with the Company's respective department heads. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**A. Credit Risk**

Credit risk is the risk that counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarly trade receivables) and from its financing activities, including deposits with bank and financial institution, foreign exhange transactions and other financial instruments. To manage this, the Company periodically assesses the financial reliability of counter party, taking into account the financial condition, current economic trends, analysing the risk profile of the counter party and the analysis of historical bad debts and ageing of accounts receivable etc. Individual risk limits are set accordingly.

The Company determines default by considering the business environment in which the Company operates and other macro-economic factors. The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

i. Actual or expected significant adverse changes in business;

ii. Actual or expected significant changes in the operating results of the counterparty;

iii. Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

iv. Significant increase in credit risk on other financial instruments of the same counterparty;

v. Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

**i. Trade Receivables**

The Company extends credit to customers in normal course of business. Credit risk is managed thorugh credit approvals, establishing credit limits, credit track record in the market and continously monitoring the creditworthiness of the customer. Outstanding customer receivables are regularly monitored and followed up.

The Company evaluates the concentration of risk with respect to trade receivables as limited, as its customers are located in several jurisdictions and industries. Sales made in domestic market by the Company are covered by agents appointed by the Company, the agents appointed are Del Credere agents hence most of the credit risk relating to customers is shifted to agents and the comapny is absolved from the same. For sales made to export customers, the risk is limited as most of the sales are covered by ECGC, also the customer can clear the goods from the port only once we receive 100% advance from them, for markets which are risky like Syrian market the goods are dispatched only when we receive 100% advance payment from customers. The Company has also taken advances and security deposits from certain customers, which mitigate the credit risk further.

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The Company has also taken advances and security deposits from certain customers, which mitigate the credit risk to an extent.

**ii. Financial Instruments and Cash Deposits**

The Company maintains exposure in Cash and Cash equivalents, term deposits with banks and investments in mutual funds the same is done after considering factors such as track record, size of the institution, market reputation and service standards. Generally, the balances are maintained with the institutions from whom the Company has also availed borrowings. Individual risk limits are set for each counter party based on financial position, credit rating and past experience. Credit risk and concentration of exposure are actively monitored by the Company.

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions from whom the Company has also availed borrowings.

**iii. The ageing analysis of the trade receivables (other than due from related parties) has been considered from the date the invoice falls due.**

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Not Due | 5,971.66 | 2,259.52 | 4,782.12 |
| Up to 3 months | 1,696.38 | 2,482.24 | 789.61 |
| 3 to 6 months | 129.40 | 39.64 | 217.86 |
| More than 6 months | 83.82 | 31.77 | 27.87 |
| **Total** | **7,881.26** | **4,813.17** | **5,817.46** |

**B. Liquidity risk**

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

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.The Company regularly monitors liquidity position through rolling forecast based on estimated free cash flow generated from business.

**i. Financing Arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Floating rate** | | | |
| - Expiring within one year (packing credit, bank overdraft and other facilities) | 9,179.87 | 5,650.71 | 4,761.80 |
| - Expiring beyond one year (Term Loans) | 16,406.86 | 17,974.44 | 16,681.60 |
| **Total** | **25,586.73** | **23,625.15** | **21,443.40** |

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

**ii. Maturities of Financial Liabiliities**

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- All non derivative financial liabilities, and
- net and gross settled derivative financial

instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows:

| As at March 31, 2018 | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|---|---|---|---|---|
| **Maturities of non – derivative financial liabilities** | | | | |
| Long term borrowings | 4,174.31 | 13,262.79 | 3,144.07 | 20,581.17 |
| Short term borrowings | 5,005.56 | - | - | 5,005.56 |
| Interest Payable | 109.98 | - | - | 109.98 |
| Trade payables | 10,354.78 | - | - | 10,354.78 |
| Other financial liabilities | 441.38 | - | - | 441.38 |
| **Total** | **20,086.01** | **13,262.79** | **3,144.07** | **36,492.87** |
| **Maturities of derivative financial liabilities** | | | | |
| *Foreign Exchange Forward Contracts | (643.35) | - | - | (643.35) |
| **Total** | **19,442.66** | **13,262.79** | **3,144.07** | **35,849.52** |

*Provision for mark to market losses on derivative contract recognised at ₹ 3.04 lakhs. Refer Note 22.

| As at March 31, 2017 | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|---|---|---|---|---|
| **Maturities of non – derivative financial liabilities** | | | | |
| Long term borrowings | 3,575.86 | 16,420.34 | 1,554.10 | 21,550.30 |
| Short term borrowings | 2,074.85 | - | - | 2,074.85 |
| Interest Payable | 116.21 | - | - | 116.21 |
| Trade payables | 9,169.43 | - | - | 9,169.43 |
| Other financial liabilities | 784.57 | - | - | 784.57 |
| **Total** | **15,720.92** | **16,420.34** | **1,554.10** | **33,695.36** |
| **Maturities of derivative financial liabilities** | | | | |
| *Foreign Exchange Forward Contracts | (1,661.11) | - | - | (1,661.11) |
| **Total** | **14,059.81** | **16,420.34** | **1,554.10** | **32,034.25** |

*Provision for mark to market losses on derivative contract recognised at ₹ 27.61 lakhs. Refer Note 22.

| As at April 1, 2017 | Less than 1 year | Between 1 and 5 years | Beyond 5 years | Total |
|---|---|---|---|---|
| **Maturities of non – derivative financial liabilities** | | | | |
| Long term borrowings | 2,884.96 | 16,228.03 | 453.57 | 19,566.56 |
| Short term borrowings | 1,876.84 | - | - | 1,876.84 |
| Interest payable | 93.76 | - | - | 93.76 |
| Trade payables | 10,001.20 | - | - | 10,001.20 |
| Other financial liabilities | 315.22 | - | - | 315.22 |
| **Total** | **15,171.98** | **16,228.03** | **453.57** | **31,853.58** |
| **Maturities of derivative financial liabilities** | | | | |
| *Foreign Exchange Forward Contracts | (1,125.70) | - | - | (1,125.70) |
| **Total** | **14,046.28** | **16,228.03** | **453.57** | **30,727.88** |

*Provision for mark to market losses on derivative contract recognised at ₹ 39.06 lakhs. Refer Note 22.

## C Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in respective market risks.

The Company's activities expose it to risks on account of changes in foreign currency exchange rates and interest rates. The Company uses derivative financial instruments such as foreign exchange forward contracts of varying maturity depending upon the underlying contract as a risk management strategy to manage its exposures to foreign exchange fluctuations and interest rate.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

**i Foreign Currency Risk**

Currency risk is the risk that the fair value or future cash flows fluctuate because of changes in market prices. The Company is exposed to foreign exchange risk on their receivables, payables and foreign currency loans which are mainly held in the United State Dollar ("USD"), the Euro ("EUR"), British Pound ("GBP"), the Swiss Franc ("CHF") and Japanese Yen ("JPY"). Consequently, the Company is exposed primarily to the risk that the exchange rate of the Indian Rupees ("INR") relative to the USD, the EUR, the CHF, and the JPY may change in a manner that has a material effect on the reported values of the Company's assets and liabilities that are denominated in these foreign currencies.

The Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies, including minimising cross currency transactions, using natural hedge and the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

## The Company's exposure to foreign currency risk at the end of the reporting period are as under -

(₹ in Lakhs)

| Particular | As at March 31, 2018 | | | | | As at March 31, 2017 | | | | | As at April 1, 2016 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Foreing currency exposure in | | | | | Foreing currency exposure in | | | | | Foreing currency exposure in | | | | |
| | USD | EUR | GBP | JPY | CHF | USD | EUR | GBP | JPY | CHF | USD | EUR | GBP | JPY | CHF |
| **Financial assets** | | | | | | | | | | | | | | | |
| - Trade receivables | 2,560.84 | 79.88 | 170.65 | - | - | 1,042.16 | 28.99 | 298.82 | - | 0.94 | 2,823.57 | 104.71 | 36.75 | - | - |
| - Advance to Suppliers | 163.53 | 89.00 | - | 0.74 | - | 22.57 | 110.35 | 16.32 | 2.38 | - | 15.81 | 11.18 | - | - | - |
| - Capital advances | 145.68 | 1,533.41 | - | 199.81 | - | 126.67 | 873.28 | - | 4.49 | - | 28.89 | 25.14 | - | 807.99 | 4.40 |
| - Cash and Cash equivalents | 1.28 | - | - | - | - | 1.27 | - | - | - | - | 1.31 | - | - | - | - |
| - Bank balances | 278.00 | - | - | - | - | 102.32 | - | - | - | - | 104.18 | - | - | - | - |
| - Other financial assets | 0.25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Derivative assets** | | | | | | | | | | | | | | | |
| - Foreign Exchange Forward contracts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Net exposure to foreign currency risk (Assets)** | **3,149.58** | **1,702.29** | **170.65** | **200.55** | **-** | **1,294.99** | **1,012.62** | **315.14** | **6.87** | **0.94** | **2,973.76** | **141.03** | **36.75** | **807.99** | **4.40** |

| Particular | As at March 31, 2018 | | | | | As at March 31, 2017 | | | | | As at April 1, 2016 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Foreing currency exposure in | | | | | Foreing currency exposure in | | | | | Foreing currency exposure in | | | | |
| | USD | EUR | GBP | JPY | CHF | USD | EUR | GBP | JPY | CHF | USD | EUR | GBP | JPY | CHF |
| **Financial liabilities** | | | | | | | | | | | | | | | |
| - Term loans from banks | 2,668.27 | - | - | - | - | 4,127.25 | - | - | - | - | 5,366.13 | - | - | - | - |
| - Working capital and buyers credit from banks | 2,378.73 | 15.52 | - | - | - | 1,052.22 | - | - | - | - | 373.54 | - | - | - | - |
| - Trade payables | 2,220.02 | 139.47 | 0.14 | - | 0.01 | 3,310.02 | 98.17 | - | - | - | 4,080.88 | 35.12 | - | - | - |
| - Creditors for Capital Purchases | 5.21 | - | - | 10.43 | - | 7.52 | 106.12 | - | - | - | 5.30 | 20.14 | - | - | - |
| - Advance from Customers | 358.01 | 69.22 | 6.15 | - | - | 369.09 | 6.98 | - | - | - | 311.29 | - | 28.21 | - | - |
| - Accrued interest on borrowings | 31.11 | - | - | - | - | 43.85 | - | - | - | - | 46.60 | - | - | - | - |
| **Derivative liabilities** | | | | | | | | | | | | | | | |
| - Foreign Exchange Forward contracts | (643.35) | 0.00 | 0.00 | 0.00 | 0.00 | (1,661.11) | - | - | - | - | (1,125.70) | - | - | - | - |
| **Net exposure to foreign currency risk (Liabilities)** | **7,017.99** | **224.21** | **6.29** | **10.43** | **0.01** | **7,248.84** | **211.27** | **-** | **-** | **-** | **9,058.04** | **55.26** | **28.21** | **-** | **-** |
| **Net open exposure** | **(3,868.41)** | **1,478.08** | **164.36** | **190.12** | **(0.01)** | **(5,953.84)** | **801.35** | **315.14** | **6.87** | **0.94** | **(6,084.28)** | **85.77** | **8.54** | **807.99** | **4.40** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

### Sensitivity to Foreign Currency Risk

The following table demonstrates the sensitivity in the USD, EUR, CHF, CNY and other currencies with all other variables held constant. The below impact on the Company's profit before tax is based on changes in the fair value of unhedged foreign currency monetary assets and liabilities at balace sheet date:

| Currencies / Sensitivity | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|
| | Increase by 5% | Decrease by 5% | Increase by 5% | Decrease by 5% |
| | (Loss) / Gain | | (Loss) / Gain | |
| USD | (60.01) | 60.01 | (91.33) | 91.33 |
| EUR | 73.90 | (73.90) | 40.07 | (40.07) |
| GBP | 8.22 | (8.22) | 15.76 | (15.76) |
| JPY | 9.51 | (9.51) | 0.34 | (0.34) |
| CHF | (0.00) | 0.00 | 0.05 | (0.05) |

## II Interest Rate Risk

This refers to risk to Company's cash flow and profits on account of movement in market interest rates.

For the Company the interest risk arises mainly from interest bearing borrowings which are at floating interest rates. To mitigate interest rate risk, the Company closely monitors market interest and as appropriate makes use of hedged products and optimise borrowing mix / composition.

## III. Cash Flow and Fair Value Interest Rate Risk

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible bonds and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

### a. Interest Rate Risk Exposure:

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Variable rate borrowings | 25,586.73 | 23,625.15 | 21,443.40 |
| Fixed rate borrowings | - | - | - |
| **Total borrowings** | **25,586.73** | **23,625.15** | **21,443.40** |

**As at the end of the reporting period, the group had the following variable rate borrowings and interest rate swap contracts outstanding:**

| Particular | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Weighted average interest rate | Balance | % of total loans | Weighted average interest rate | Balance | % of total loans | Weighted average interest rate | Balance | % of total loans |
| Borrowings - Term Loan | 8.36% | 20,581.17 | 80% | 7.55% | 21,550.30 | 91% | 7.95% | 19,566.56 | 91% |
| Borrowings - Working Capital | 8.08% | 5,005.56 | 20% | 9.25% | 2,074.85 | 9% | 9.45% | 1,876.84 | 9% |
| **Net exposure to cash flow interest rate risk** | | 25,586.73 | | | 23,625.15 | | | 21,443.40 | |

### b. Interest Rate Sensitivity

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rate of 50 basis point increase or decrease. The calculations are based on the variable rate borrowings outstanding at balance sheet date. All other parameters are held constant.

| Particulars | Impact on profit | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| Interest rates - increase by 50 basis points* | (106.25) | (90.95) |
| Interest rates - decrease by 50 basis points* | 106.25 | 90.95 |

*Holding all other variables constant

## IV Price Risk

### a. Exposure

The Company is mainly exposed to the price risk due to its investment in mutual funds and bonds. The price risk arises due to uncertainties about the future market values of these investments. In order to manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.

### b Sensitivity

The table below summarises the impact of increases/decreases of 0.75% increase in price of Mutual Fund / Bond.

| Particulars | Impact on profit after tax | |
|---|---|---|
| | As at March 31, 2018 | As at March 31, 2017 |
| Increase in price 0.75% (March 31, 2017 - 0.75% ) | 5.26 | 12.71 |
| Decrease in price 0.75% (March 31, 2017 - 0.75% ) | (5.26) | (12.71) |

c. As at the Balance Sheet date, net foreign currency payables not hedged by a derivative instrument or otherwise aggregates: ₹ 357.42 lakhs. (March 31, 2017 : ₹ 3908.19 Lakhs, March 31, 2016 : ₹ 5399.47 Lakhs).

## Note 39: Contingent Liability Disclosure

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Excise, Customs and Service Tax Matters | 1,532.34 | 1,451.90 | 1,177.63 |
| Income Tax Matters | 109.56 | 58.52 | 50.74 |
| Sales Tax | 166.09 | 166.09 | 166.09 |
| Claims against Company not acknowledged as debts | 139.85 | 139.85 | 139.85 |

Notes:

(a) It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.

### Description of Contingent Liabilities

### Excise, Customs and Service Tax Matters

The Company has ongoing disputes with tax authorities mainly relating to availment of input tax credit on certain items and classfication of finished goods.

### Sales Tax Matters

The Company has ongoing sales tax disputes relating to resale of traded goods which were exempt from tax under BST (Bombay Sales Tax Act, 1959.)

### Income Tax Matters

The Company has ongoing disputes with Income tax authorities relating to tax treatment of certain items. These mainly includes disallowed expenses, claimed by the Company as deductions.

## Note 40: Capital and Other Commitments

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **(a) Capital Commitments** | | | |
| Estimated value of Contracts in Capital Account remaining to be executed (Net of Capital Advances) | 6,667.65 | 3,812.38 | 1,766.36 |
| **(b) Other Commitments** | | | |
| Custom duty on pending export obligation for import under advance License | 799.99 | 769.18 | 108.87 |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 41: Earnings Per Share

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Profit after Tax (A) (₹ in Lakhs) | 800.05 | 4,053.87 |
| Weighted average number of equity shares outstanding during the year (B) | 39,657,102 | 39,239,568 |
| Number of Shares for Diluted Earnings Per Share (C) | 39,657,102 | 39,239,568 |
| Basic earnings per share (A)/(B) (₹) | 2.02 | 10.33 |
| Diluted earnings per share (A)/(C) * (₹) | 2.02 | 10.33 |
| Nominal value of an equity share (₹) | 10.00 | 10.00 |

*43,16,666 warrants of ₹ 75 per warrant have been issued and allotted to Mandawewala Enterprises Limited on 8th March, 2018. Such convertible securities could potentially dilute the basic earnings per share in the future, but are not included in the calculation of diluted earnings per share because they are antidilutive for the period presented. Refer Note 17 (a)(c) for details.

## Note 42: Disclosure for Micro, Medium and Small Enterprises

| Particulars | As at March 31, 2018 | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end | 45.70 | 55.22 | 91.83 |
| Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end | - | 0.02 | 0.13 |
| Interest due and payable towards suppliers registered under MSMED Act, for payments already made | 4.64 | - | - |
| Further interest remaining due and payable for earlier years. | 10.08 | 10.08 | 10.06 |

## Note 43: Disclosure pursuant to the Regulation 34(3) read with Para A of Schedule V of SEBI listing Regulations, 2015

There are no loans and advances, in the nature of loans to firms/ companies in which directors are interested outstanding during the year ended March 31, 2018, March 31, 2017 and April 1, 2016.

## Note 44: Research and Development Expenditure

Details of Research and Development expenses incurred during the year, debited to the Statement of Profit and Loss account are ₹ 592.79 Lakhs (March 31, 2017: ₹ 621.27 Lakhs) , which includes materials cost, power cost, employee cost and other expenses.

Details of Capital Expenditure incurred during the year for Research and Development is given below:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|
| Plant and Machinery | 513.99 | 649.72 |
| **Total** | **513.99** | **649.72** |

## Note 45: Leases

### Operating Lease

The Company has taken various residential, office premises, godowns, equipment and vehicles under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. The initial tenure of lease is generally for two months to fifty one months.

The aggregate rental expenses of all the operating leases for the year are ₹ 392.26 Lakhs (March 31, 2017: ₹ 298.89 Lakhs.)

## Note 46: Offsetting Financial Assets and Financial Liabilities

There are no financial assets or financial liabilities which are subject to offsetting as at March 31, 2018, March 31, 2017 and April 1, 2016 since, the Company neither has enforceable right or an intent to settle on net basis or to realise the asset and settle the liability simultaneously. Further, the Company has no enforceable master netting arrangements and other similar arrangements as at March 31, 2018, March 31, 2017 and April 1, 2016.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 47: Related Party Disclosures

### i. Relationships

| | |
|---|---|
| **Holding Company** | Mandawewala Enterprises Limited |
| **Key Management Personnel** | Mr. B.A.Kale (Upto May 6, 2017) |
| | Mr. Abhishek Mandawewala |
| **Relatives** | Mr. R.R. Mandawewala |
| | Mrs. Pratima Mandawewala |
| | Mr. Yash Mandawewala |
| | Mrs. Kushboo Mandawewala |
| **Other Related parties** | Welspun Global Brands Limited |
| | Mertz Estates Limited |
| | Welspun Corp Limited |
| | Welspun India Limited |
| | Welspun Enterprise Limited |
| | Welspun Pipes Inc. |
| | Welspun Tubular LLC |
| | Welspun Global Trade LLC |
| | Welspun Steel Limited |
| | Welspun USA Inc. |
| | Alspun Infrastructure Limited |
| | MGN Agro Properties Private Limited |
| | Welspun Energy Private Limited |

| | |
|---|---|
| **Other Related parties** | Welspun Renewables Energy Private Limited |
| | Giant Realty Private Limited |
| | MGN Estates Private Limited |
| | Taipan Estates Private Limited |
| | Babasu Realty Private Limited |
| | Welspun Holding Private Limited |
| | Welpsun Home Textile UK Limited |
| | CHT Holding Limited |
| | Christy Home Textile Limited |
| | Welspun UK Limited |
| | Christy UK Limited |
| | Christy 2014 Limited |
| | E R Kingsley Limited |
| | Franco Agencies |
| | Connective Infrasructure Private Limited |
| | Angel Power and Steel Private Limited |
| | Rank Marketing LLP |
| | AYM Syntex Limited Superannuation Trust |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## ii. Terms and Conditions

- All transactions were made on normal commercial terms and conditions and at market rates.

- All outstanding balances are unsecured and repayable in cash.

| Particulars | Holding Company | Enterprises Over Which Key Management Personnel Or Relatives Of Such Personnel Exercise Significant Influence Or Control And With Whom Transactions Have Taken Place During The Year | | | | | | | | Key Management Personnel | | Relatives of Key Management Personnel | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mandawewala Enterprises Limited | Mertz Estates Limited | Welspun India Limited | Welspun Global Brands Limited | Welspun Usa Inc | Welspun Power And Steel Limited | Mgn Agro Properties Private Limited | Aym Syntex Limited Superannuation Trust | Welspun Steel Limited | Mr. Abhishek Mandawewala | Mr. B.A.Kale | Mr. Yash Mandawewala | Mrs. Kushboo Mandawewala |
| **Transactions during the year** | | | | | | | | | | | | | |
| Intercorporate Deposits received | 3,700.00 | - | - | - | - | - | - | - | - | - | - | - | - |
| | (2,000.00) | - | - | - | - | - | - | - | - | - | - | - | - |
| Issue of Equity Shares | 4,500.00 | - | - | - | - | - | - | - | - | - | - | - | - |
| Cross charge | 13.19 | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reimbursement of expenses | 39.40 | - | - | - | - | - | - | - | - | - | - | - | - |
| Repayment of advance given | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | (2.30) | - | - | - | - | - | - |
| Salary | - | - | - | - | - | - | - | - | - | 73.56 | 31.82 | 10.65 | 27.47 |
| | - | - | - | - | - | - | - | - | - | (113.66) | (173.98) | (26.13) | (27.98) |
| Purchase of Goods/ Services/ Expenses incurred | 268.27 | 320.41 | 354.55 | 30.38 | - | - | - | 7.35 | 32.90 | - | - | - | - |
| | (2.96) | (285.49) | (1.21) | (37.88) | (8.37) | - | - | - | (57.90) | - | - | - | - |
| Sale of Goods | - | - | 8,001.28 | - | - | - | - | - | - | - | - | - | - |
| | - | - | (10,997.63) | - | - | - | - | - | - | - | - | - | - |
| Purchase of Fixed Assets / Capital Goods | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | - | - | - | (0.21) | - | - | - | - | - | - | - | - | - |
| **Closing Balance** | | | | | | | | | | | | | |
| Intercorporate Deposits received | 1,200.00 | - | - | - | - | - | - | - | - | - | - | - | - |
| | (2,000.00) | - | - | - | - | - | - | - | - | - | - | - | - |
| Debtors | - | - | 687.61 | - | - | - | - | - | - | - | - | - | - |
| | - | - | (1,307.54) | - | - | (0.01) | - | - | - | - | - | - | - |
| | - | - | [495.83] | - | - | [0.01] | - | - | - | - | - | - | - |
| Creditors | - | - | 18.03 | - | - | - | - | 0.68 | 22.13 | - | - | - | - |
| | - | - | [0.87] | - | - | - | [2.30] | - | [6.28] | - | - | - | - |

Year 2016-17 figures are given in round brackets ( ) and Year 2015-16 in square brackets [ ].
* Amount is inclusive of taxes
** As the liabilities for defined benefit plans and compensated absences are provided on actuarial basis for the Company as a whole the amount pertaining to KMP's are not included in the above table.

## Note 48: Segment information

### Information about Primary Business Segment Identification of Segments:

The Group is engaged in the business of Synthetic Yarn which in the context of Ind AS 108 on Segment Reporting are considered to constitute single primary business segment.

The chief operational decision maker monitors the operating results of its Business segment separately for the purpose of making decision about profit or loss in the financial statements, Operating segment have been identified on the basis of Geographical segment and other quantitative criteria specified in the Ind AS 108.

**i. Segment Revenue :**

The segment revenue is measured in the same way as in the statement of profit or loss.

| Segment Revenue | 2018 | | | 2017 | | |
|---|---|---|---|---|---|---|
| | India | Outside India | Total | India | Outside India | Total |
| Total segmental revenue* | 58,718.68 | 27,398.35 | 86,117.04 | 66,136.47 | 16,665.28 | 82,801.75 |

*excluding other income

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below.

| Revenue from outside India | Year ended March 31, 2018 | Year ended March 31, 2017 |
|---|---|---|
| Australia and New Zealand | 5,894.15 | 3,463.59 |
| European Union | 2,876.44 | 1,305.02 |
| U.K. | 2,520.20 | 1,548.65 |
| U.S.A | 2,034.64 | 1,449.58 |
| Others | 14,072.92 | 8,898.44 |
| **Total** | **27,398.35** | **16,665.28** |

**ii. Segment Assets :**

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

| Segment assets | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | India | Outside India | Total | India | Outside India | Total | India | Outside India | Total |
| Carrying amount of segment assets | 52,462.55 | 5,403.67 | 57,866.22 | 44,636.79 | 2,791.58 | 47,428.37 | 38,712.09 | 2,740.99 | 41,453.08 |
| Additions to non-current assets# | 6,890.68 | - | 6,890.68 | 7,554.04 | - | 7,554.04 | 9,933.14 | - | 9,933.14 |
| **Total segment assets** | **59,353.23** | **5,403.67** | **64,756.90** | **52,190.83** | **2,791.58** | **54,982.41** | **48,645.23** | **2,740.99** | **51,386.22** |
| Unallocated: | | | | | | | | | |
| Deferred tax assets (net) | | | 2,460.87 | | | 2,318.60 | | | 2,061.15 |
| Investments | | | 701.09 | | | 1,707.09 | | | 14.81 |
| **Balance sheet Assets** | | | **67,918.87** | | | **59,008.10** | | | **53,462.18** |

# Additions to non-current assets also includes expenditure incurred on capital work-in-progress and capital advances.

**iii. Segment Liabilities :**

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment and the physical location of the liability.

| Segment liabilities | As at March 31, 2018 | | | As at March 31, 2017 | | | As at April 1, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|
| | India | Outside India | Total | India | Outside India | Total | India | Outside India | Total |
| Carrying amount of segment liabilities | 11,999.12 | 532.29 | 12,531.41 | 11,699.35 | 249.26 | 11,948.61 | 12,335.70 | 249.23 | 12,584.93 |
| Additions to non-current liabilities# | - | - | - | - | - | - | - | - | - |
| **Total segment liabilities** | **11,999.12** | **532.29** | **12,531.41** | **11,699.35** | **249.26** | **11,948.61** | **12,335.70** | **249.23** | **12,584.93** |
| Unallocated: | | | | | | | | | |
| Borrowings | | | 25,586.73 | | | 23,625.15 | | | 21,443.40 |
| **Balance sheet Liabilities** | | | **38,118.14** | | | **35,573.76** | | | **34,028.33** |

# Additions to non-current liabilities also includes external commercial borrowings (ECB).

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Note 49: First Time Adoption of Ind As

### Transition to Ind AS

These are the Company's first separate financial statements prepared in accordance with Ind AS applicable as at March 31, 2018.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these financial statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet as at April 1, 2016 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has restated the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2014 and other relevant provisions of the Act (previous GAAP or Indian GAAP) so as to comply in all material respects with Ind AS.

### A. Exemptions and Exceptions Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

### A.1 Ind AS Optional Exemptions

**a. Deemed cost for Property, Plant and Equipment (PPE) and Intangible assets**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption is also applicable for intangible assets covered by Ind AS 38.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**b. Long-term Foreign Currency Monetary Items**

A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

Accordingly, the Company has elected to continue the current accounting policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements prior to date of transition (April 1, 2016).

The exemption in D13AA relates to accounting for foreign exchange differences on long term foreign currency monetary items recognised in the financial statement only, and it does not relate to the accounting for long term forward exchange contracts (as these contracts are not within scope of Ind AS 21 and are treated in accordance with Ind AS 109). Therefore, the Company cannot continue to apply the provisions of paragraph 46/46A of AS 11 to long-term forward exchange contracts by virtue of availing exemption given in paragraph D13AA of Ind AS 101.

### A.2 Mandatory Exceptions Applied

**a. Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Upon an assessment of the estimates made under Previous GAAP, the

Company has concluded that there was no necessity to revise such estimates under Ind AS, except where estimates were required by Ind AS and not required by Previous GAAP.

**b. De-recognition of Financial Assets and Liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

**c. Classification and Measurement of Financial Assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent Annual Financial statment.

AYM Syntex limited has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of Balance Sheet and Statement of Profit and Loss as an additional disclosure.

**Reconciliation of equity as at April 1, 2016 (date of transition)**

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Ind AS |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | | 28,191.39 | - | 28,191.39 |
| Capital work-in-progress | | 1,414.36 | - | 1,414.36 |
| Intangible assets | | 41.71 | - | 41.71 |
| Financial assets | | | | |
| -Investments | B.4 | 0.18 | 14.63 | 14.81 |
| -Others | | 15.29 | - | 15.29 |
| Deferred tax assets (net) | B.9 | 2,072.66 | (11.51) | 2,061.15 |
| Other non-current assets | | 1,178.85 | - | 1,178.85 |
| **Total non-current assets** | | **32,914.44** | **3.12** | **32,917.56** |
| | | | | |
| **Current assets** | | | | |
| Inventories | | 5,669.52 | - | 5,669.52 |
| Financial assets | | | | |
| -Trade receivables | | 6,313.29 | - | 6,313.29 |
| - Cash and cash equivalents | | 3,836.12 | - | 3,836.12 |
| -Bank balances other than Cash and cash equivalents above | | 1,657.38 | - | 1,657.38 |
| - Loans | | 39.12 | - | 39.12 |
| -Others | | 162.33 | - | 162.33 |
| Other current assets | | 2,866.88 | - | 2,866.88 |
| **Total current assets** | | **20,544.64** | **-** | **20,544.64** |
| **Total assets** | | **53,459.08** | **3.12** | **53,462.20** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Ind AS |
|---|---|---|---|---|
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | | 3,923.96 | - | 3,923.96 |
| Other equity | B.8 | 15,488.15 | 21.76 | 15,509.91 |
| **Total equity** | | **19,412.11** | **21.76** | **19,433.87** |
| | | | | |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| - Borrowings | B.2 | 16,701.68 | (20.08) | 16,681.60 |
| Employee Benefit Obligation | | 452.14 | - | 452.14 |
| **Total non-current liabilities** | | **17,153.82** | **(20.08)** | **17,133.74** |
| | | | | |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| - Borrowings | | 1,876.84 | - | 1,876.84 |
| - Trade payables | | 10,001.20 | 0 | 10,001.20 |
| - Others | B.3 | 3,331.56 | 1.44 | 3,333.00 |
| Employee Benefit Obligation | | 715.69 | 0 | 715.69 |
| Current tax liabilities (net) | | 365.03 | - | 365.03 |
| Other current liabilities | | 602.83 | - | 602.83 |
| **Total current liabilities** | | **16,893.15** | **1.44** | **16,894.59** |
| **Total liabilities** | | **34,046.97** | **(18.64)** | **34,028.33** |
| **Total equity and liabilities** | | **53,459.08** | **3.12** | **53,462.20** |

'* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Reconciliation of equity as at 31 March, 2017

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Ind AS |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | B.3 | 32,853.19 | (22.96) | 32,830.23 |
| Capital work-in-progress | B.2 | 1,668.13 | (36.06) | 1,632.07 |
| Intangible assets | | 66.52 | - | 66.52 |
| Financial assets | | - | | |
| -Investments | B.4 | 0.16 | 12.87 | 13.03 |
| -Other financial assets | | 26.49 | - | 26.49 |
| Deferred tax assets (net) | B.9 | 2,323.03 | (4.43) | 2,318.60 |
| Other non-current assets | | 1,222.36 | - | 1,222.36 |
| **Total non-current assets** | | **38,159.88** | **(50.58)** | **38,109.30** |
| | | | | |
| **Current assets** | | | | |
| Inventories | | 7,700.00 | - | 7,700.00 |
| Financial assets | | | | |
| -Investments | B.4 | 1,684.66 | 9.39 | 1,694.06 |
| -Trade receivables | | 6,120.71 | - | 6,120.71 |
| - Cash and cash equivalents | | 913.86 | 0 | 913.86 |
| -Bank balances other than Cash and cash equivalents above | | 1,494.82 | 0 | 1,494.82 |
| - Loans | | 71.20 | - | 71.20 |
| -Other financial assets | | 121.09 | - | 121.09 |
| Other current assets | | 2,783.05 | - | 2,783.05 |
| **Total current assets** | | **20,889.39** | **9.39** | **20,898.79** |
| **Total assets** | | **59,049.27** | **(41.18)** | **59,008.09** |

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Ind AS |
|---|---|---|---|---|
| **Equity and liabilities** | | | | |
| **Equity** | | | | |
| Equity share capital | | 3,923.96 | - | 3,923.96 |
| Other equity | B.8 | 19,502.01 | 8.36 | 19,510.37 |
| **Total equity** | | **23,425.97** | **8.36** | **23,434.33** |
| | | | | |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| - Borrowings | B.2 | 18,025.15 | (50.71) | 17,974.44 |
| Employee Benefit Obligation | | 593.90 | - | 593.90 |
| **Total non-current liabilities** | | **18,619.05** | **(50.71)** | **18,568.34** |
| | | | | |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| - Borrowings | | 2,074.85 | - | 2,074.85 |
| - Trade payables | | 9,169.43 | - | 9,169.43 |
| - Other financial liabilities | B.3 | 4,503.08 | 1.17 | 4,504.25 |
| Employee Benefit Obligation | | 565.06 | - | 565.06 |
| Other current liabilities | | 691.83 | - | 691.83 |
| **Total current liabilities** | | **17,004.25** | **1.17** | **17,005.42** |
| **Total liabilities** | | **35,623.30** | **(49.54)** | **35,573.76** |
| **Total equity and liabilities** | | **59,049.27** | **(41.18)** | **59,008.09** |

'* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Reconciliation of total comprehensive income for the year ended 31 March, 2017

| Particulars | Note | Previous GAAP * | Ind AS adjustments | Ind AS |
|---|---|---|---|---|
| **Income** | | | | |
| Revenue from operations | B.1, B.7 | 78,682.07 | 4,119.68 | 82,801.75 |
| Finance income | | - | - | - |
| Other income | B.3, B.4 | 393.49 | (15.02) | 378.47 |
| **Total Income** | | **79,075.56** | **4,104.66** | **83,180.22** |
| | | | | |
| **Expenses** | | | | |
| Cost of materials consumed | | 42,017.59 | - | 42,017.59 |
| Changes in inventories of finished goods and goods-in-process | | (1,310.57) | - | (1,310.57) |
| Excise duty on sale of goods | B.1 | - | 4,867.66 | 4,867.66 |
| Employee benefits expense | B.5 | 5,916.78 | (81.68) | 5,835.10 |
| Finance costs | B.2 | 2,267.05 | 5.47 | 2,272.52 |
| Depreciation and amortization expense | | 3,027.25 | - | 3,027.25 |
| Other expenses | B.7 | 22,409.47 | (747.98) | 21,661.49 |
| **Total expenses** | | **74,327.57** | **4,043.47** | **78,371.04** |
| **Profit before tax** | | **4,747.99** | **61.19** | **4,809.18** |
| | | | | |
| Tax expense | | | | |
| Current tax | | 984.49 | - | 984.49 |
| Deferred tax charge/(credit) | B.9 | (250.35) | 21.17 | (229.18) |
| Total tax expense | | 734.14 | 21.17 | 755.31 |
| **Profit for the year** | | **4,013.85** | **40.02** | **4,053.87** |
| Other comprehensive income | | | | |
| **Items that will not be reclassified to profit or loss** | | | | |
| - Remeasurement gains/(losses) on defined benefit plan | B.5 | - | (81.68) | (81.68) |
| Income tax effect on above | B.5 | - | 28.27 | 28.27 |
| Other comprehensive income for the year | | - | (53.41) | (53.41) |
| **Total comprehensive income for the year** | | **4,013.85** | **(13.39)** | **4,000.46** |

'* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

## Reconciliations of equity and total comprehensive income reported under previous GAAP to equity under Ind AS

### i. Reconciliations of Total Equity as at March 31, 2017 and April 1, 2016

| Particluars | Note | As at March 31, 2017 | As at April 1, 2016 |
|---|---|---|---|
| **Equity as per previous Indian GAAP** | | **23,425.97** | **19,412.11** |
| Effects of measuring financial instruments at fair value through profit and loss | B.3, B.4 | (1.86) | 13.19 |
| Financial liabilities measured at amortised cost | B.2 | 14.65 | 20.08 |
| Deferred tax impact on above adjustments | B.9 | (4.43) | (11.51) |
| **Equity as per Ind AS** | | **23,434.33** | **19,433.86** |

### ii. Reconciliation of total comprehensive income for the year ended March 31, 2017

| Particulars | Note | March 31, 2017 |
|---|---|---|
| **Net profit as per previous Indian GAAP** | | **4,013.85** |
| Financial liabilities measured at amortised cost | B.2 | (5.47) |
| Effect of measuring financial instruments at fair value | B.4 | 7.50 |
| Forward contracts measured at fair value through profit or loss | B.3 | (22.52) |
| Remeasurements of defined benefit plans | B.5 | 81.68 |
| Deferred tax impacts on above adjustments | B.9 | (21.17) |
| **Profit after tax as per Ind AS** | | **4,053.87** |
| Other comprehensive income (net of tax) | B.5 | (53.41) |
| **Total comprehensive income as per Ind AS** | | **4,000.46** |

### iii. Impact of Ind AS adoption on the Statement of Cash Flows for the year ended March 31, 2017

| Particulars | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|
| Net cash flow from operating activities | 5,597.54 | 267.94 | 5,865.48 |
| Net cash flow from investing activities | (8,716.69) | (2.80) | (8,719.49) |
| Net cash flow from financing activities | 196.87 | (265.14) | (68.27) |
| **Net increase/(decrease) in cash and cash equivalents** | **(2,922.28)** | **-** | **(2,922.28)** |
| Cash and cash equivalents as at April 1, 2016 | 3,836.12 | - | 3,836.12 |
| **Cash and cash equivalents as at March 31, 2017** | **913.84** | **-** | **913.84** |

## Notes to First-Time Adoption:

### Revenue From Operations

### B.1 Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the Statement of Profit and Loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended March 31, 2017 by ₹ 4,867.66 lakhs. There is no impact on the total equity and profit.

### B.2 Transaction Cost Incurred for Loan Taken

Under the previous GAAP, loan processing expenses and other transaction costs are accounted as expense under the profit and loss account or are capitalised (if loan is taken for borrowings) in the year in which it is incurred. Under Ind AS, for financial liabilities (borrowings) measured at amortised cost, transaction cost are included in the calculation of effective interest rate (EIR) - in effect, they are amortised through profit or loss/ capitalised over the term of the instrument. As a result of this change, the profit for the year ended March 31, 2017 decreased by ₹ 5.47 lakhs. The total equity as at March 31, 2017 increased by net of Rs 14.65 lakhs (April 1, 2016: ₹ 20.08 lakhs) on this account.

### B.3 Fair Valuation of Forward Contracts

Under the previous GAAP, the premium or discount arising at the inception of foreign exchange forward contracts (except on contracts related to long term monetary item) entered into to hedge an existing asset / liability, were amortised as expense or income over the life of the contract. Exchange differences on such contracts were recognized in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Exchange difference on forward contracts against long term borrowings for capital assets were capitalised under Para 46/46A of AS 11.

Under the IND AS 109, foreign exchange forward contracts are carried at fair value and the resultant gains /(losses) are recorded in

# Notes to the Financial Statements for the year ended March 31, 2018

**(All amounts in ₹ Lakhs, unless otherwise stated)**

the Statement of Profit and Loss only and are not capitalised, even if incurred on forward contracts against long term borrowings. As a result of this change, the profit for the year ended March 31, 2017 decreased by R 22.52 lakhs. Fair valuation resulted in net decrease of equity by R 24.13 lakhs as at March 31, 2017 (April 1, 2016: R 1.44 lakhs).

**B.4 Fair Valuation of Investments**

Under the previous GAAP, investments were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value at initial and subsequent recognition at fair value through profit and loss (FVTPL). The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2017. As a result of this change, the profit for the year ended March 31, 2017 increased by Rs. 7.50 lakhs. This increased the retained earnings by Rs. 22.26 lakhs as at March 31, 2017 ( increased in April 1, 2016: Rs. 14.63 lakhs).

**B.5 Remeasurements of Defined Benefit Plans**

Under the previous GAAP, remeasurements i.e. actuarial gains and losses on the net defined benefit liability were recognised in the Statement of Profit and Loss. Under Ind AS, these remeasurements are recognised in other comprehensive income instead of the Statement of Profit and Loss. As a result of this change, the profit for the year ended March 31, 2017 increased by Rs. 53.41 lakhs (net of deferred tax of Rs. 28.27 lakhs). There is no impact on the total equity as at March 31, 2017.

**B.6 Other Comprehensive Income (OCI)**

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

**B.7 Variable Consideration**

Under previous GAAP, claims, discounts and rebates paid to customers were recorded as part of expenses in the Statement of Profit and Loss. However, under IND AS, these expenses are netted off against revenue. This change has resulted in decrease in total revenue and total expenses for the year ended March 31, 2017 by Rs. 747.98 lakhs. There is no impact on the total equity and profit.

**B.8 Retained Earnings**

Retained earnings as at April 1, 2016 have been adjusted consequent to the above Ind AS transition adjustments, net impact of which, as on March 31, 2017 is R 8.36 lakhs (April 1, 2016: R 21.76 lakhs).

**B.9 Tax Adjustments**

Tax adjustments include deferred tax impact on account of differences between previous GAAP and Ind AS. As a result of this change, the profit for the year ended March 31, 2017 decreased by R 21.17 lakhs. The net deferred tax liability increased by R 4.43 lakhs as on March 31, 2017 (increased by R 11.51 lakhs as at April 1, 2016).

**Note 50: Events Occurring After the Reporting Date**

No adjustments on account of events occuring after the reporting date have been identified to the figures reported.

**For Price Waterhouse Chartered Accountants LLP**
Firm Registration No: 012754N/ N500016

**Mehul Desai**
Partner
Membership No. 103211

Place: Mumbai
Date : May 21 2018

**For and on behalf of the Board of Directors**

**Rajesh Mandawewala**
Chairman
DIN 00007179

**Abhishek Mandawewala**
CEO and Managing Director
DIN 00737785

**Himanshu Dhaddha**
Chief Financial Officer

**Kaushik Kapasi**
Company Secretary

# NOTES

# OUR BRANDS













ELIOR
stand out, shine on









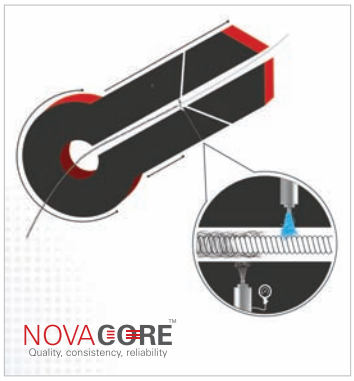
















DUPONT
sorona





























AYM Syntex
THE STRENGTH WITHIN


**AYM Syntex Limited**

Corporate Office: B/9, Trade World,
Kamala Mill Compound, Senapati Bapat Marg,
Lower Parel (W), Mumbai - 400013

+91-22-61637000

+91-22-24937725

investorrelations@aymgroup.com

www.aymsyntex.com