

IRSL:STEXCH:2016-17:
5th October 2016

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra - Kurla Complex,
Bandra (E)
Mumbai - 400 051.
Thru.: **NEAPS**
Stock Code NSE: **INDORAMA**

BSE Limited
Floor 25,
P. J. Towers,
Dalal Street,
Mumbai - 400 001.
Thru.: **BSE Listing Centre**
Stock Code BSE: **500207**

ISIN: INE156A01020

Indo Rama Synthetics (India) Limited - CIN L17124MH1986PLC166615

Sub: Annual Report for the Financial Year 2015-16

Dear Sir,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find herewith Annual Report for the Financial Year 2015-16, along with all Annexures, as approved and adopted by the Members of the Company at 30th Annual General Meeting held on Friday, 30th September 2016, commenced at 1:30 PM and concluded at 3:15 PM, at the Registered Office of the Company.

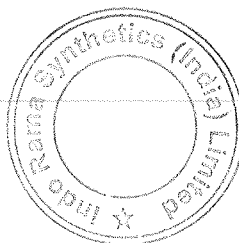
The above is for your kind information and records.

Thanking you.

Yours faithfully,
for Indo Rama Synthetics (India) Limited



Jayantk Sood
Head-Corporate & Company Secretary
(ICSI Membership No.: FCS 4482)



Encl.: as above

INDO RAMA SYNTHETICS (INDIA) LTD.

Corporate Office : 20th Floor, DLF Square, DLF Phase-2, NH-8, Gurgaon - 122002, Haryana, India. Tel : 0124-4997000, Fax : 0124-4997070
Registered Office & Manufacturing Complex : A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, India. Tel : 07104-663000 / 01, Fax : 07104-663200

E-mail : corp@indorama-ind.com • Website : www.indoramaindia.com

CIN : L17124MH1986PLC166615



ENRICHING VALUE PROPOSITION

Forward-looking statements

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

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1

WORLD OF INDO RAMA

Corporate Information

Board of Directors

Mohan Lal Lohia
Chairman Emeritus

Om Prakash Lohia
Chairman and Managing Director

Vishal Lohia
Whole-time Director

Anant Kishore
Whole-time Director & CEO
(upto 7th August 2016)

Ashok Kumar Ladha
Non-executive Independent Director

Ranjana Agarwal
Non-executive Independent Director

Suman Jyoti Khaitan
Non-executive Independent Director

Dr Arvind Pandalai
Non-executive Independent Director

**Head Corporate &
Company Secretary**
Jayantk Sood

Corporate Executives

Anant Kishore
Chief Executive Officer

Sanjeev Aggarwal
President and Chief Financial Officer

Mukul Dixit
President and Site Head

Chandra Bhan Kataria
Marketing Head

Auditors

B S R and Associates, Gurgaon

Bankers

Axis Bank Limited
Bank of India
HDFC Bank Limited
Oriental Bank of Commerce
Punjab National Bank
State Bank of India
State Bank of Travancore
IKB Deutsche Industriebank AG



OUR BUSINESS WAS BUILT WITH A SIMPLE PURPOSE. TO HELP OUR CUSTOMERS SUCCEED IN THEIR BUSINESSES BY LEVERAGING THE POWER OF POLYESTER.

OVER THE YEARS, WE HAVE DONE THIS BY BRINGING IN USEFUL DIFFERENCES IN THE WAY WE THINK AND WORK ACROSS GEOGRAPHIES, GLOBALLY.

EVEN AFTER CLOSE TO THREE DECADES, OUR PURPOSE HAS REMAINED THE SAME. TO BE THE CHAMPION FOR OUR CUSTOMERS.

DURING FY 2015-16, WE EXPANDED OUR PRODUCT PORTFOLIO BY INTRODUCING SPECIALTY PRODUCTS TO CATER TO A LARGE CROSS-SECTION OF REQUIREMENTS.

WE IMPROVED OUR OPERATIONAL PERFORMANCE WITH HIGHER CAPACITY UTILISATION AND COST RATIONALISATION.

We strengthened our marketing network to reach unexplored markets.

We provided need-based training to our people and organised engagements across departments and hierarchies.

Despite short-term challenges in a growth-hungry world, we are encouraged by the fact that the demand for polyester products is ever rising.

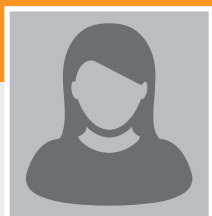
The reasons are interestingly diverse: increasing women's participation in workforce, leading to more disposable income; large young population in emerging economies like India with increasing awareness towards fitness (active wear); India's emergence as the global automobile manufacturing hub (mobiletech products); growing focus on children's education in Asia and Africa (uniform); awareness towards health and hygiene (hygiene products); stricter compliance

norms in the industrial landscape to ensure health and safety of workers (protective wear).

Changing social aspirations will catalyse our growth, going forward.

And in all that we try to achieve every day, we are increasing the value proposition for our customers.

A slice of polyester in your life



Joya Ahluwalia, New Delhi, India



Is a communications professional with a busy schedule throughout the week. She drives her own car, attending meeting with clients, making presentations, while at the same time addressing concerns at home. She is a multitasker and she prefers western wear, when she is not at home.

She prefers comfort in her attire and while driving. Therefore, she prefers global brands,

not just for her clothes; but even when she chooses her steering cover or car upholstery.

Interestingly, the materials that cater to her needs round-the-clock on a busy day are made from polyester.

We have created a range of traditional and value-added products to help our customers make better downstream products.



Matheus Silva, Sao Paolo, Brazil



Is a football fanatic and a fitness expert.

He has to maintain high performance levels all day long. Therefore, he is meticulous about his attire and footwear for getting the right comfort and health benefits.

The quality core material that ensures Silva gets what he needs is polyester.

At Indo Rama, we combine our technology and teamwork to create best-in-class value-added polyester variants, which find multifaceted use.

Multifaceted use of polyester

Apparel

Shirting, Suiting, Jeans, Ladies wear, Dhoti, Saree and T-Shirt

Automotive

Seat cover, Steering cover and Auto upholstery

Sportswear

Sports apparel, Sports footwear and Sports equipment

Non-woven

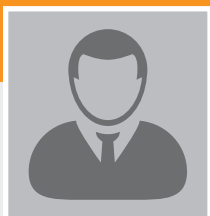
Face wipes, Hand wipes and Back covers

Home Furnishing and Home Textile

Bed linen, Bath linen, Kitchen linen, Curtains and Upholstery

Technical Textile

Agrotech, Mobiltech, Buildtech, Clothtech, Geotech, Hometech, Indutech, Mobiltech, Oekotech or Ecotech, Packtech and Protech



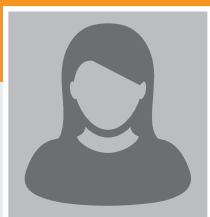
Ashley Morgan, New Jersey, USA



Invites her friends to a kitty party, flaunts her new home furnishing and décor; and the response is an overwhelming. Wow.

We are reaching out to over 30 countries globally with a wide basket of products.

What Ashley perhaps does not know is that the material used in making her bed and bath linen, kitchen linen, curtains and upholstery is polyester.



Berna Asli, Istanbul, Turkey



Asli is a new mother. She is always concerned about the wellbeing of her child.

Polyester has a wide range of applications, including baby care products.

She uses anti-bacterial wipes to keep her child clean and healthy.

At Indo Rama, we make value-added materials, which find niche industry uses.

Polyester edge

| | | | |
|--|-----------------------------|------------------------------|--------------------------------------|
| Improved wrinkle resistance | Enhanced durability | High-colour retention | Blends well with other fibres |
| Superior water, wind and environmental resistance | Multiple washability | Faster dryness | Competitive pricing |
| Resistant to sun fade | Stain resistant | | |



BUILDING VALUE AROUND THE **CUSTOMER**

Ever since inception in 1989, we at Indo Rama Synthetics (India), have invested extensively in capacity expansion, integration and innovation to create value-added products for our customers.

We are the largest dedicated polyester manufacturer with an integrated manufacturing complex in Butibori near Nagpur in Maharashtra.

We had forayed into the business of polyester with the belief that polyester was going to be the fibre of the future; and our belief remains intact.

Now we are expanding our capacities and enriching our product basket to cater to more customers, while adding value to our margins.

27 + years

In the last 27+ years Indo Rama has emerged as a trusted and respected brand globally for high quality products

49 country

Presence spanning five continents (Asia, Europe, Africa, North America and South America)

6,10,050 TPA

Tonnes per annum (TPA) cumulative production capacity

13

Pan-India offices strategically located across textile belts

11

Technology collaborations ensuring the state-of-the-art operational architecture

1,400+

Motivated employee strength drives consistent progress

Business interests

| | |
|-------------------------------|--------------|
| Polyester Staple Fibre (PSF) | 2,63,550 TPA |
| Polyester Filament Yarn (PFY) | 2,59,000 TPA |
| Draw Texturised Yarn (DTY) | 1,26,000 TPA |
| Polyester Chips | 87,500 TPA |
| Power | 71.08 MW |

Equity share information

- ▶ Share price (31st March, 2016): ₹ 31.95 per share
- ▶ Market capitalisation (31st March, 2016): ₹ 485.07 crore
- ▶ Net worth (FY 2015-16): ₹ 591.64 crore
- ▶ Bombay Stock Exchange Limited (BSE): 500207
- ▶ The National Stock Exchange of India Ltd (NSE): INDORAMA

Technology partners

We have our technology partners globally, consistently helping us strengthen our capacities and remain at the forefront of opportunities.

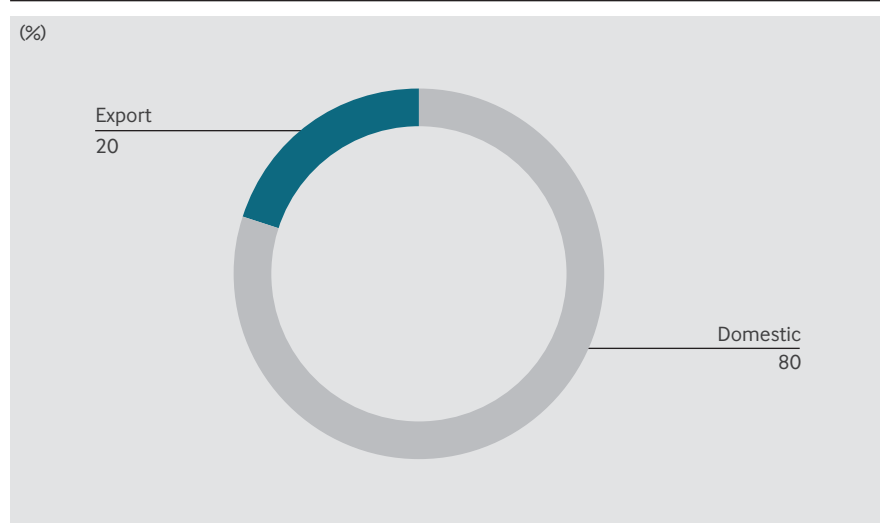
- ▶ Zimmer AG, Germany
- ▶ Chemtex Intl. Inc., USA
- ▶ Oerlikon Barmag, Germany
- ▶ Teijin Seiki, Japan
- ▶ Toyobo, Japan
- ▶ LTG Ameliorair, France
- ▶ Wartsila Diesel, Finland
- ▶ Bertrams, Switzerland
- ▶ LVD, Belgium
- ▶ Foxbro Invensys, Singapore
- ▶ Autefa, Germany

Credible certifications

We have been accredited with the following certifications for ensuring quality and complying with health and environmental safety standards.

- ▶ ISO 9001:2008 certification for ensuring stringent quality protocol
- ▶ ISO 14001:2004 certification for complying with globally benchmarked environment standards
- ▶ OEKO Tex certification for meeting human and ecological requirements
- ▶ REACH – Substance of Very High Concern (SVHC) certification for protecting human health and the environment

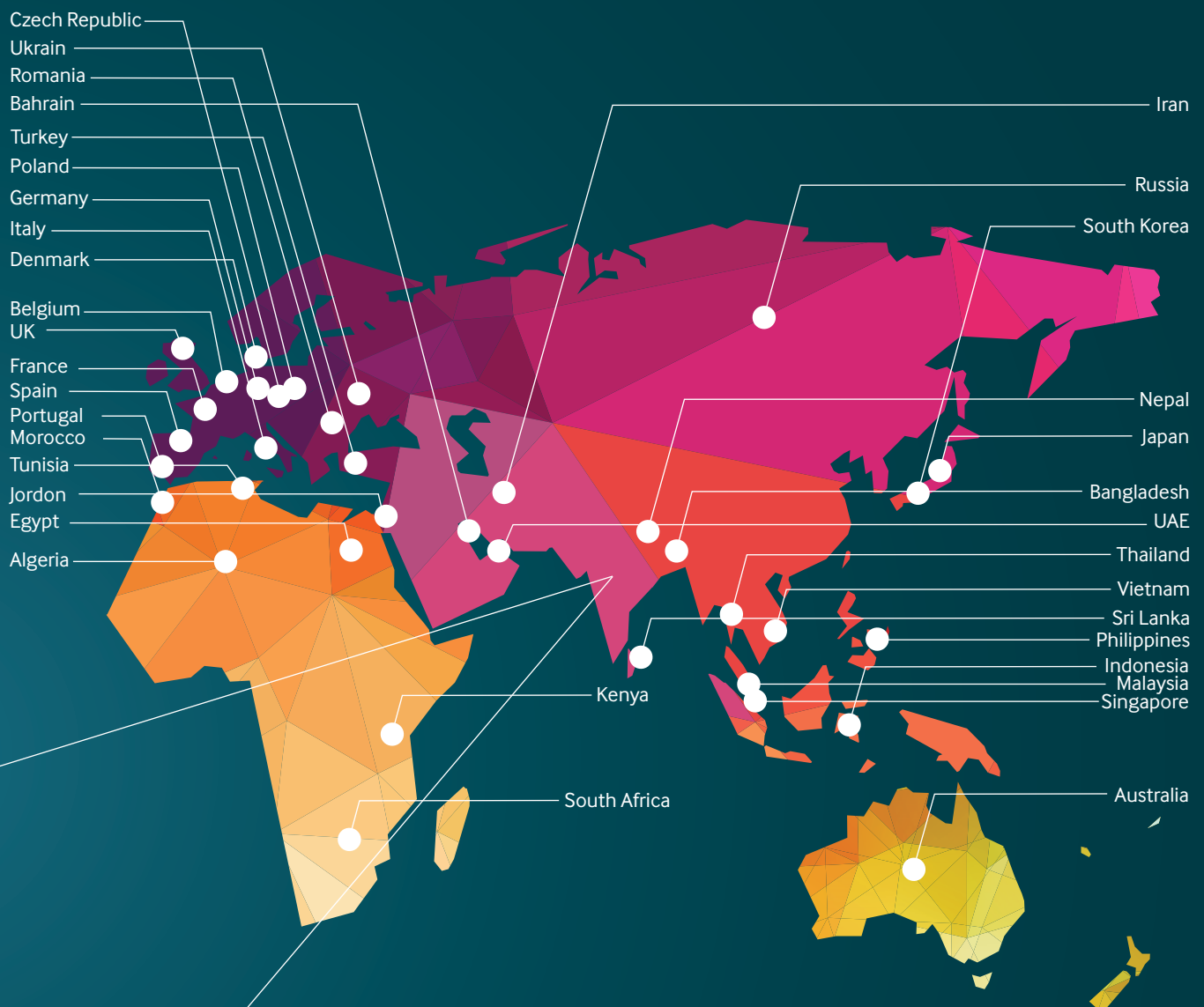
Revenue mix



Global Presence



GLOBAL PRESENCE



- Registered Office and Works
- Corporate Office
- Marketing Office

Chairman's Review



I believe that the forthcoming year holds promise of improvement. The Government's focus on slew of recent initiatives for Textile sector places your Company in a favourable position. 

Dear Shareholders,

The year 2015-16 saw the Indian economy charting a measured course towards objectives set out by the Government two years ago. While investment momentum is still muted in some sectors, the positives to have emerged are the incremental, important steps taken by the

Government in fiscal correction, inflation containment, subsidy reduction, efforts to reinvigorate tax administration and a thrust on increased investment in key sectors. Private sector and industrial capex, however remains subdued on account of paucity of fund in the private sector.

The global scenario offers less cause for cheers. The world economy encountered challenges at many levels last year. Which include significant volatility, Eurozone instability, and depression in crude and commodity prices, currency depreciation in emerging markets, and a lingering slowdown in China. India's GDP growth – 7.6% as compared to 7.2% in the previous year – and reduced fiscal deficit of 3.9% sends out encouraging signals for the future.

I believe that the forthcoming year holds promise of improvement. The Government's focus on slew of recent initiatives for Textile sector places your Company in a favourable position. Our growing specialty product basket with products like super high tenacity PSF (SHT fibre), Optical White (OPW), Optical Bright (OB), Dope Dyed Black (DDB) PSF fibre, Hollow conjugate siliconised PSF, Black and Full Dull POY/DTY, Trilobal bright POY, DTY & FDY, will help us capture new markets going forward.

The polyester industry saw lot of ups and downs during the financial year like, shortage of raw material, currency volatility, inventory losses due to unprecedented fall in the crude oil prices and consequent raw material and finished goods prices, among others.

Adverse civil and economic situation in the European region and Central Asia which is a big market for the India posed many challenges to Indian Polyester Industry. Locally, the levy of anti-dumping duty on Purified Terephthalic Acid (PTA) by the government, made raw material expensive and also the manufacturing cost. On the domestic front due to regular breakdowns in the plants producing PTA, has resulted in shortage of raw material and thereby lower capacity utilisation.

However, every cloud has silver lining, with the polyester prices bottoming out

and rupee stabilising, business sentiments and industry performance will improve signalling positive trends and sustainable growth for this industry.

Prices of manmade fibre have moved in tandem with cotton yarn prices in past. While cotton prices have been revised from ₹ 35,500 per candy in May 2016 to ₹ 37,500 per candy in June 2016 to ₹ 48,000 per candy in August 2016, the polyester prices have not seen the rise in tandem with the cotton prices during the same period. This escalation in cotton prices, has opened opportunities for manmade fibre producers. Due to pressure on margins, Spinners replace cotton with polyester for manufacturing cotton-blended yarn, as the manmade fibre is cheaper than cotton. This trend will help us in increase utilisation of our resources and better realisations.

There is huge potential to increase the export of MMF-based textiles. Policy initiatives must be implemented on fast track mode to encourage domestic manufacturers to expand MMF production, optimise their cost structure and export at competitive prices. We are hopeful that with the package of ₹ 6,000 crores to apparel industry and various initiatives for promoting exports and the textile policy announcement in next 1- 2 months will further help the industry.

The polyester industry saw a comparatively better year in 2015-16 with the domestic market showing an upward trend in terms of higher demand. Moreover, crude oil prices were low during the year. As a result, the prices of raw material, i.e. PTA and MEG have remained subdued. Moreover, our initiatives during the year, which include, higher capacity utilisation, cost reduction measures and impetus to high value-added speciality products, are expected to propel the Company on a growth trajectory from now onward.



During the year, we remained resilient to industry headwinds and enhanced future preparedness. Through competitive pricing and quality offerings. 

Despite the challenges we faced in 2015-16, we clocked annual turnover of ₹ 2,535.65 crore against ₹ 2,761.38 crore in 2014-15. Our sales volume in 2015-16 stood at 336,393 MT against 307,517 MT in 2014-15. Our net profit stood at ₹ 56.00 crore against net loss of ₹ 21.53 crores in 2014-15.

During the year, we remained resilient to industry headwinds and enhanced future preparedness. Through competitive pricing and quality offerings. We strengthened our marketing team to reach out to more customers directly and deliver customised products. We have replaced old in-efficient DTY machines with new higher capacity machines. We are investing in advanced equipment to modify and help to produce new varieties of value-added specialty products, to strengthen our margins.

We hope that the GST will become a reality in a few months. Consumer prices might not come down actually, the price of cotton used to be tax free will have higher price impact and manmade fibre taxes are already high at 18-20% will not have to bear fresh taxes, GST for textile is shield to cover market rates. GST will also help to bring down the logistics costs.

Although availability of resources and technology play a key role in our business,

people are the biggest drivers of change at Indo Rama. We have team of go-getters, who are committed to deliver value, no matter what the odds are? We are committed to investing in talent and fostering an environment of learning and collaborating. Our goal is to transform Indo Rama from a good company to a great company in the coming years.

Indo Rama recognises its obligations to society and to you, our shareholders. It is our sincere endeavour to continue to focus on our businesses, environment and community initiatives as a part of our sustainability strategy. I am confident that the macro business environment is improving gradually, and this is the time to consolidate our strengths and focus more on opportunities as they emerge on the horizon. We strongly believe, we have the ability to demonstrate and convey this to the world.

With optimistic vision, I am grateful to all our esteemed customers, business associates, management team, employees and shareholders for their encouragement and support.

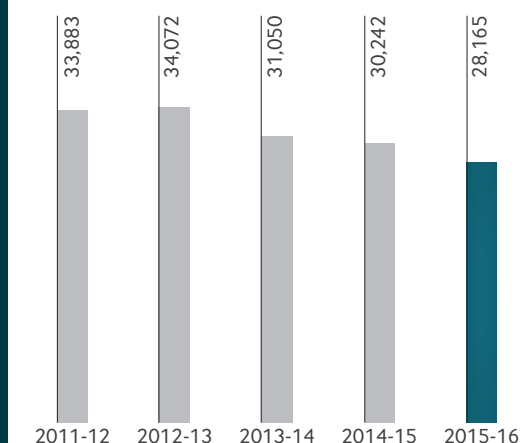
Regards,

O.P. Lohia
Chairman and Managing Director

Financial Performance

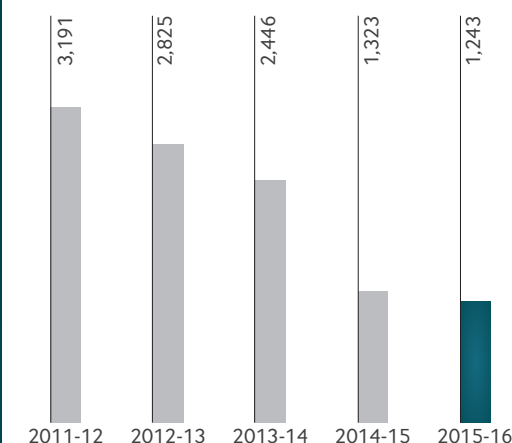
Total Income

(₹ in Million)



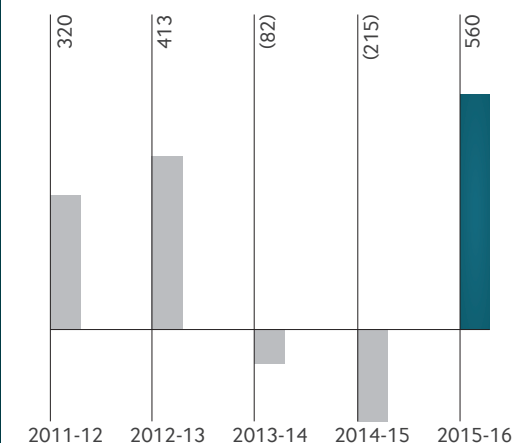
EBITDA

(₹ in Million)



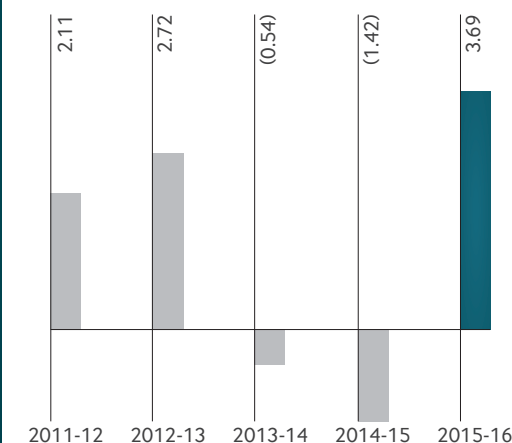
Post-Tax Profit

(₹ in Million)

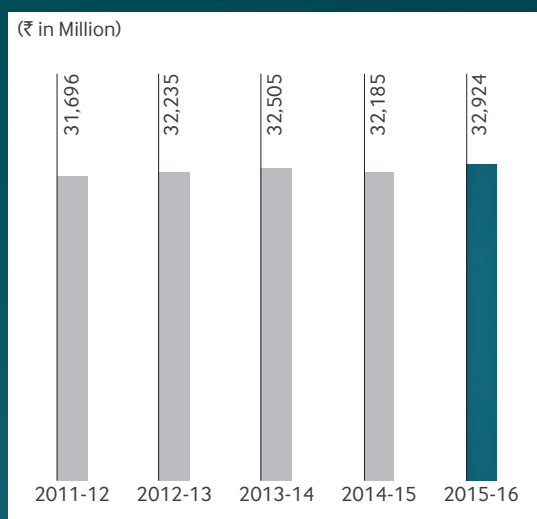


Earnings Per Share

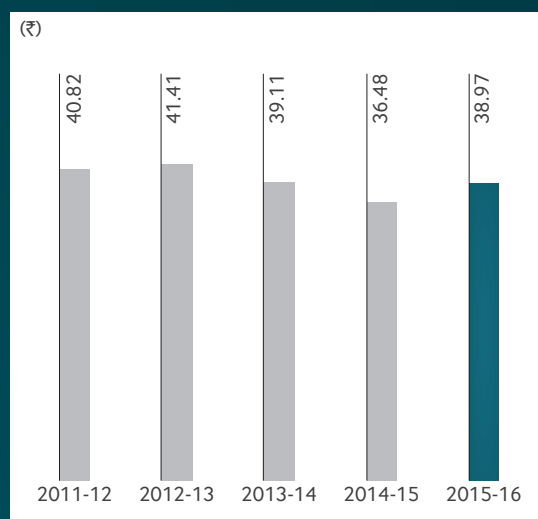
(₹)



Gross Fixed Assets



Book Value Per Share



Key Financial Ratios

| Particulars | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|----------------------------|---------|---------|---------|---------|
| Debt-equity ratio | 0.38 | 0.47 | 0.31 | 0.25 |
| Current ratio | 0.75 | 0.81 | 0.76 | 0.75 |
| Interest coverage ratio | 7.27 | 6.16 | 4.47 | 2.11 |
| Fixed asset coverage ratio | 5.11 | 3.90 | 5.53 | 6.53 |

Shaping a Stronger Indo Rama

1994

Established a state-of-the-art integrated manufacturing complex at Butibori near Nagpur in technical collaboration with DuPont, USA and Toyobo, Japan; the production capacity was 3 lakh TPA

2006

Expanded, in alliance with Zimmer AG, Germany at a project cost of ₹ 1,000 crores (US\$ 166 million); enhanced production capacity to 6 lakh TPA

2010

Installed eight new Draw Texturised Yarn (DTY) machines, enhancing capacity from 43,800 TPA to 64,800 TPA

MILES

1989

Commencement of Indo Rama's Indian operations

2007

Installed 30 MW Captive Thermal Power Plant, involving a ₹ 128-crore investment

2002

Installed four POY /FDY and eight DTY machines, adding 25,000 TPA capacity of Polyester Filament Yarn

2012

- ▶ DTY capacity touched 91,250 TPA by installing 14 machines, leading to 56 total machines (250 TPD)
- ▶ Commissioned 11 MW coal-based captive power plant
- ▶ Adjudged among India's most admired companies by 'Fortune India' in its March 2012 issue

2014

Replaced eight old DTY machines with advanced and high-speed latest technology machines

2013

Received the prestigious National Energy Conservation Award from the President of India in petrochemical category

2011

Replaced the existing heat treatment medium from furnace oil to coal, enhancing cost-efficiency

2015

- ▶ Enhanced DTY capacity
- ▶ Sold wind power units to TATA Power
- ▶ Introduced specialty products

TONES

Stakeholder Engagement



Customers

- ▶ Our customer needs drive our business. We continuously seek to understand their requirements and perform our research accordingly to offer innovative products.
- ▶ We interact with customers to understand their requirements, prepare sample products and monitor customer acceptance. This enables us to produce bespoke products for customers.
- ▶ We also analyse the present market trends to understand the demand trends. This has helped us cater to a large customer base with cost-efficient and quality products.
- ▶ Our objective is not only to meet client expectations, but also to exceed them. We want to maintain a long-term relationship, instead of one-time transaction.



Business partners/ suppliers

- ▶ We treat our channel partners as a part of our family and provide them regular training, technical guidance and other corporate updates.
- ▶ We maintain transparent pricing policies.
- ▶ Our continuous engagement with suppliers and business partners enables seamless operations.
- ▶ We encourage on-time payment to suppliers. This helps us maintain a healthy relation with them.
- ▶ We recognise the importance of business suppliers and make them aware of all our initiatives and developments through multiple ways of communication. After all, being transparent matters the most.



Shareholders

- ▶ We encourage consistent engagement with our shareholders through various ways of communication. Our annual general meeting, which ensures the participation of a large number of shareholders, serves as the best platform to encourage direct interaction.
- ▶ We publish our quarterly results and press releases to make the shareholders aware of the financial status and other developments in the Company. Besides, we pay regular dividends to our shareholders.
- ▶ We proposed a dividend of ₹ 1 per share (₹ 10 face value).
- ▶ Market capitalisation stood at ₹ 4,851 Million as on 31st March, 2016.
- ▶ 6.81% increase in book value per share.



Employees

- ▶ We consistently invest in our people through continuous training. Besides, we make them aligned to the best practices and share relevant knowledge with them.
- ▶ We consider our team as our backbone and engage with them in more ways than one. This is an absolute necessity to strengthen the employer-employee relationship, which leads to better value generation.
- ▶ We consistently monitor the activities of our employees, track the critical areas and train them according to specific needs. This enhances their skills, boosts their confidence and prepares them for the next level.
- ▶ We recognise the hard work of our employees and acknowledge them with various rewards. This initiative encourages them and helps in employee retention.



Local communities

- ▶ At Indo Rama, we recognise the importance of maintaining a healthy relation with the society, where we operate. We continuously engage with local communities and take various initiatives to ensure them a better life.
- ▶ We organise health check-up camps, blood donation camps and awareness programmes on various diseases. Besides, we encourage students around our vicinities to continue with their education and organise regular workshops on self-employment.
- ▶ We strictly adhere to environmental standards and maintain ecological balance to ensure 'zero-harm' to the environment.



Government

- ▶ Government decisions impact any business and we are no exception. We try to make the Government informed about the emerging market trends so that it can frame policies accordingly.
- ▶ The current rate of excise duty on manmade fibre (MMF) is hurting the industry. In order to retain the industry's growth momentum, the association of MMF manufacturers is making consistent representation to the Government to reduce the excise duty on MMF. However, with the GST situation will change for MMF industry.



GROWING OUR RELEVANCE **EVERYDAY**

Our value-added products are aligned to changing customer requirements. To keep pace with rapid change, we invest significantly in product innovation.



Expanded Draw Texturised Yarn (DTY) capacity

We have expanded the capacity of Draw Texturised Yarn (DTY), which is a special value-added product. This will lead to higher capacity utilisation for Partially Oriented Yarn (POY), thereby improving the overall margins in the coming years. Our annual DTY production capacity has increased to 126,000 tonnes from the existing 92,750 tonnes.

This product is suitable for fibre-end uses like inner and outer garments, skin-tight garments, furnishings and upholstery, among others. It is used as a substitute for cotton and cotton blend yarns with significantly low moisture content.



Introduced Air Textured Yarn (ATY)

The ATY resembles spun yarns in their appearance and offers an entirely different look and feel to any fabric. It can be used in a wide range of fabrics from simple lightweight scrim, heavy duty soft luggage fabrics to lightweight swim wear and heavy weight parkas. A blend of several filament yarns is needed to produce ideal ATY. Although low-denier ATY is quite expensive, high deniers are comparatively cost-efficient.



Offered several value-added products

- ▶ We expanded our product portfolio by introducing specialty products, which are expected to enhance our sales, consequently improving the overall margins.
- ▶ Under PSF specialty products, we introduced Optical White (OPW), Optical Bright (OB) and Dope Dyed Black (DDB). These are extensively used in textile products.
- ▶ We have developed super high tenacity fibre for industrial yarn applications.
- ▶ We introduced trilobal bright POY, FDY, Black POY, FD POY used in apparels, upholstery and home furnishing products.
- ▶ We introduced hollow conjugate fibre, which is soft, bulky and lightweight with high resilience. It is primarily used for padding (clothes and bedding) and stuffing (toy, pillow, cushion and other furniture).



TAKING OUR PRODUCTS **PLACES**

At Indo Rama, we have an extensive pan-India presence through our strategically located offices across textile belts. Besides, our reach to over 29 countries strengthens our global visibility. Now, we aim to penetrate deeper and foray into unexplored geographies.

Indian and global marketing strategy

- ▶ We maintained direct contact with customers to understand their specific requirements and offer them customised products.
- ▶ Our value-added product portfolio helped us increase our sales volume and strengthened our existence in new markets.
- ▶ We strengthened our marketing and sales teams, empowered them with need-based training, which enabled us to toughen our marketing mettle.
- ▶ We have increased the proportion of repeat business by ensuring maximum customer satisfaction.
- ▶ We have allocated key account managers to cater to customers with bespoke solutions.

- ▶ We focused on extending our customer base for new products across the globe.
- ▶ Our volumes increased by 9.23% during 2015-16 over the previous year.
- ▶ We participated in various trade fairs in India as well as other countries to increase our brand visibility.
- ▶ We strengthened our presence in potential markets in the US, Europe, South East Asia and Latin America.

Way ahead

- ▶ We will consistently deepen our penetration across India's textile belts.
- ▶ We plan to continuously add new products, aligned to customer requirements and industry trends.
- ▶ We will penetrate into new countries and strengthen our presence in existing geographies.

9.23%

Our volumes increased by 9.23% during 2015-16 over the previous year.



UPPING THE EFFICIENCY QUOTIENT

Over the years, we have emerged as one of the most cost-competitive polyester manufacturers in India. We are constantly improving our operational efficiencies, ensuring raw material availability, optimising energy costs and minimising wastage.

Relying on indigenous sourcing

Purified Terephthalic Acid (PTA) is one of the most crucial raw materials for polyester manufacturing. We primarily used to import PTA, until a change occurred in FY 2015-16. We shifted to indigenous sources to procure raw materials, owing to an imposition of anti-dumping duty. Sourcing indigenously lowers our foreign exchange exposure.

Improving cost architecture

- ▶ We have appointed a consultancy to help us identify gaps where we can optimise costs, and take actions accordingly.
- ▶ We focused on alternative sourcing from local vendors for various items instead of Original Equipment Manufacturers (OEMs).

- ▶ We renegotiated with most of our vendors to bring down the overall operational cost.
- ▶ We conducted energy audits and undertook requisite measures to mitigate shortcomings. This enabled us to save around 2-3% of energy cost.
- ▶ We optimised the utilisation of coal and other fuels to ensure cost efficiency.
- ▶ We are creating 'value for waste', by better utilisation of fly ash (power plant waste).
- ▶ We further rationalised the packaging costs of various finished products.

Implementing logistics management

- ▶ We improved On Time In Full (OTIF) owing to better inventory control and planning.
- ▶ We deployed large customised trucks and ensured optimum loadability, resulting in cost savings and better efficiency.
- ▶ We introduced multi-model transportation methodology and judiciously used rail as well as road to rationalise cost.



BEING A RESPONSIBLE NEIGHBOUR

We work in the realms of health, education, energy and water conservation and the environment as a part of our social responsibility initiatives. We will continue to invest in such initiatives, going forward.

Proactive steps towards healthcare

We make sure that the communities around our operating areas don't face any difficulty in availing of proper healthcare facilities. We operate Vyasank Mukti Kendra in villages to address health issues. Throughout the year, we organised a host of healthcare initiatives, including:

- ▶ We conducted a voluntary blood donation camp at Site Health Centre, in association with Jeeva Jyoti Blood Bank, Nagpur.
- ▶ We organised a free diagnostic and treatment camp in association with Wockhardt Hospital, Nagpur.
- ▶ We arranged another free diagnostic and treatment camp at the Site Health Centre, in association with Asha Hospital, Nagpur. Doctors from the hospital conducted eye check-up, blood sugar examination and ECG.
- ▶ On the occasion of World AIDS Day, we showed documentaries to truckers on this particular disease and conducted a lecture primarily focusing on preventive measures.
- ▶ We organised a lecture programme on hypertension, which was conducted by Dr. Nitin Bhalerao at the health centre.
- ▶ We also arranged a lecture programme on the prevention of heart attack, conducted by renowned cardiologist Dr. Mahesh Fulwani.
- ▶ We organised eye check-up camps at both the colonies, conducted by Dr. Rathi of RNH Hospital, Nagpur.
- ▶ We arranged an educational programme on dengue at both the colonies.
- ▶ We organised a cardiac check-up camp at the Health Centre, in association with Platina Hospital, Nagpur. Blood pressure, sugar, ECG and various other cardiac check-ups were done in the camp. Dr. Pramod Mundra conducted a lecture on cardiac disease, called Suno Dil Se Dil Ki Baat.
- ▶ We organised an awareness programme on tobacco and its side effects in the colony.
- ▶ Spoken English classes for the children of our employees.
- ▶ Workshops on self-employment (making *agarbatti*, chalk and *papad*, among others).
- ▶ Internship programmes for local engineering and MBA students.
- ▶ Industry-oriented training programmes.

Energy and water conservation

- ▶ We focus on the 'SR Concept': Reduction at source; Reuse; Recycling; Recovery; and Rethinking alternative and improved solutions.
- ▶ We treat and recycle effluents from the production process to achieve 'zero discharge pollution'.
- ▶ We conduct water conservation awareness programmes through local industry associations, targeting neighbouring communities.

Education makes a difference

We encourage young students around our vicinity, as well as the children of our employees to continue their education. During the year, a computer literacy programme was organised at Kavi Meera Sut Blind School. We participated in the opening ceremony and donated five computers to them. Besides, we organise:

Green initiatives

As a responsible organisation, we comply with environmental standards and maintain ecological balance through our operations. We plant trees around our vicinity to contribute towards environmental wellbeing.

Polyester Products



Polyester Staple Fibre (PSF)

Product differentiators

- ▶ Constant on-line checks maintain consistent quality.
- ▶ Superior spin-finish application ensures smoother working of fibre during spinning.
- ▶ Merge number remains consistent over longer periods.
- ▶ Standard bale weight is maintained.



Partially Oriented Yarn (POY)

Product differentiators

- ▶ Yarns are produced by a continuous polymerisation process.
- ▶ Strict quality control of denier orientation and spread, along with computer-controlled draw force testing. This ensures maximum consistency of yarn performance during and after texturing.
- ▶ All critical yarn proprietary, such as draw force, tenacity, elongation, uster and shrinkage are closely monitored and controlled.
- ▶ A special proprietary spin finish protects the colour and lubricity of the yarn over a long storage period.
- ▶ Controlled interlace in filaments and special finish enable the yarns to be textured at a speed of 750 mpm and above.



Draw Texturised Yarn (DTY)

Product differentiators

- ▶ DTY is produced on latest high-speed draw texturing machines with identical capability.
- ▶ Total quality checks are done with respect to dye ability. Bulk and elongation is closely monitored for consistency on captive weaving installations.
- ▶ Electronic package-size measuring units ensure uniform textured yarn package.
- ▶ A consistent level of high quality anti-static lubricating oils, coupled with an option of incorporating adequate interlacement, is applied for warping purposes without sizing.



Fully Drawn Yarn (FDY)

Product differentiators

- ▶ Intermingled FDY yarns are suitable for direct twisting, warping and weaving.
- ▶ Less waste and high efficiency in subsequent processes due to higher package weight (10 kg).
- ▶ The fabric made from these yarns have a feel and drape similar to fabrics produced from pure silk, resulting in high realisation of product quality.
- ▶ These yarns eliminate draw-twisting and sizing process, reducing the cost of products for light and medium range of fabrics.
- ▶ There is high efficiency and low breakage in warping due to excellent package quality, produced on craft winder.
- ▶ Excellent dyeing consistency.



Polyester Chips

Product differentiators

- ▶ Produced in a continuous polyester polymerisation plant.
- ▶ Uniform chemical and physical properties.

2

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Management Discussion and Analysis



US\$ **108** billion

Indian textile industry, currently estimated at US\$ 108 billion, is expected to reach US\$ 223 by 2021.

Global economy

In 2015, global economic activity remained subdued. Global growth is estimated at 3.4% in 2016 from 3.1% in 2015. The pick-up in global growth is fragile and uneven across economies, with risks slanted towards developing economies and emerging markets. Global geo-political tensions, economic upheaval in Europe, low commodity prices and a potential slowdown in China will continue to challenge growth prospects in the coming fiscal.

| Global growth trend | (%) | | |
|-----------------------------------|------|----------|----------|
| | 2015 | 2016 (P) | 2017 (P) |
| World Output | 3.1 | 3.2 | 3.5 |
| Advanced Economies | 1.9 | 1.9 | 2.0 |
| United States | 2.4 | 2.4 | 2.5 |
| Euro Area | 1.6 | 1.5 | 1.6 |
| Japan | 0.5 | 0.5 | -0.1 |
| United Kingdom | 2.2 | 1.9 | 2.2 |
| Other Advanced Economies * | 2.0 | 2.1 | 2.4 |
| Emerging and Developing Economies | 4.0 | 4.1 | 4.6 |
| China | 6.9 | 6.5 | 6.2 |

P: Projections *(Excludes the G7 - Canada, France, Germany, Italy, Japan, United Kingdom, United States and euro area countries)
(Source: International Monetary Fund, 2016)

Indian Economy

India remained one of the best performing economies, with its GDP touching 7.6% in 2015-16 from 7.2% in 2014-15. Indian economy Inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Continuing fiscal consolidation has reduced the Government of India's fiscal deficit to close to 4% of GDP (on a 12-month rolling basis), down from a peak of 7.6% in 2009.

Indian economy exhibited significant resilience in maintaining growth during a time of subsiding global demand, falling commodity prices and weakening growth in emerging economies. India strengthened its economic fundamentals on the back of robust government reforms, favourable commodity prices and an encouraging macroeconomic environment.

The government's 'Make in India' programme has attracted investment commitment of around USD 400 billion. The nation expects to add nearly 100 million new manufacturing jobs and increase the manufacturing share to 25% by 2022 from about 18% in 2014.

| Indian GDP trend | (%) | | |
|---------------------------------|---------|---------|---------|
| Sectors | 2013-14 | 2014-15 | 2015-16 |
| Agriculture, forestry & fishing | 1.2 | 1.1 | 1.1 |
| Industry | 2.4 | 5.9 | 6.1 |
| Services | 8.0 | 10.6 | 10.9 |
| GDP at market prices | 5.1 | 7.2 | 7.6 |

(Source: CSO)

Global trade scenario

World global merchandise trade volume is expected to remain unchanged at 2.8%, as the last year. Exports of developed economies lagged behind developing countries in 2015, with the former registering 2.6% volume growth, while the latter touching 3.3%. Imports of developed economies surged during the year with 4.5% growth. However, it stagnated in developing countries, registering 0.2% growth.

Trade growth should accelerate to 3.6% in 2017, still below the average of 5.0% since 1990. Risks to the forecast are tilted to the downside, including further slowing in emerging economies and financial volatility. (Source: WTO)

| Merchandise trade volume | | | | | (% change) |
|-----------------------------|-------|-------|------|------|------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 (P) |
| Volume of merchandise trade | 2.2 | 2.4 | 2.8 | 2.8 | 2.8 |
| World Imports | | | | | |
| - Advanced economies | (0.1) | (0.2) | 2.5 | 4.5 | 3.3 |
| - Emerging economies | 4.9 | 5.0 | 2.1 | 0.2 | 1.8 |
| World Exports | | | | | |
| - Advanced economies | 1.1 | 1.7 | 2.4 | 2.6 | 2.9 |
| - Emerging economies | 3.8 | 3.8 | 3.1 | 3.3 | 2.8 |

(Source: WTO)

Textile industry scenario

Global textile industry

According to WTO, the global textile and clothing industry is expected to register marginal growth in 2015-16. The Indian textile and clothing exports remained stable at US\$ 40 billion. WTO's prediction of 2.8% growth in the volume of merchandise trade in 2016 and 3.6% growth in 2017 augurs well for Indian textile industry. The value of global T&C in 2014 as per WTO is US\$ 797 billion.

| Global Yarn and Fabric Production % Change (Q to Q) | | | | | (%) |
|---|----------|----------|----------|----------|----------|
| | Q4(2014) | Q1(2015) | Q2(2015) | Q3(2015) | Q4(2015) |
| World Yarn Production | -29 | -15 | +13 | +3 | -26 |
| Asia Yarn Production | -31 | -16 | +0.7 | +3.5 | -27 |
| World Fabric Production | +2.6 | -11 | +9 | +2 | -1 |
| Asia Fabric Production | +2.4 | -12 | +9 | +3.5 | -1 |

(ITMF Press Release 2015/2016)

Indian textile industry

Indian textile industry, currently estimated at US\$ 108 billion, is expected to reach US\$ 223 by 2021. At present, the aggregate textile and apparel exports is valued at US\$ 40 billion and is expected to show a year-on-year growth. Manmade fibre and polyester fibre will be the major contributors to this growth.

Fibre industry scenario

Global fibre industry

Global cotton and manmade fibre production is expected to be 88.5 million tonnes in 2015, compared to 89 million tonnes, registering 0.6% decline. Manmade fibres accounted for 66.8 million tonnes, a growth of 6% over 2014 whereas cotton production declined by 16.6% from 26.0 million tonnes to 21.7 million tonnes. The manmade fibre production accounts for 75% share. The global production of polyester fibre is nearing an estimated 49 million tonnes with 9% growth over 2014.

Indian fibre industry

The estimated fibre production in 2015-16 is 10.40 million tonnes, down by 5.3% from 11.0 million tonnes last year. The cotton fibre production is estimated at 6.0 million tonnes in 2015-16, compared to 6.63 million tonnes in 2014-15, registering 9.5% decline.

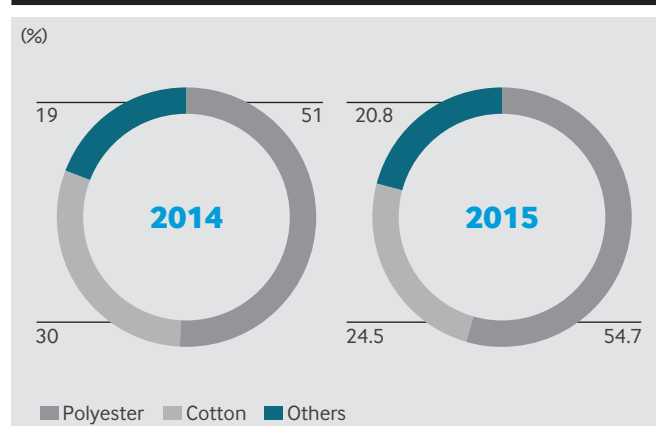
The polyester fibre production is estimated at 3.87 million tonnes, marginally up by 0.5%. The viscose fibre production is slightly down while acrylic fibre production is up by 9%.

The total fibre demand is estimated at 9.14 million tonnes in 2015-16 against 9.2 million tonnes in 2014-15, down by 0.7%. Subdued domestic demand in cotton fibre, no marginal growth in polyester fibre and estimated reduced demand in viscose fibre flattened the Indian fibre industry's growth. The share of polyester fibre demand is estimated at 40% and together with cotton contributes to around 95% of fibre demand in India. The estimated per capita consumption of the fibre in India on a population of 1.32 billion is 6.9kg.



THE ESTIMATED FIBRE PRODUCTION IN 2015-16 IS 10.40 MILLION TONNES, DOWN BY 5.3% FROM 11.0 MILLION TONNES LAST YEAR.

Global Fibre production break up 2014 Vs 2015



| Global and India per capita fibre consumption in 2015 (kg) | | |
|--|---------------|--------------|
| | All Fibre (E) | Polyester(E) |
| World | 12.0 | 6.6 |
| India | 6.9 | 2.9 |

India's fabric scenario

The fabric production has marginally increased by 0.9%, primarily due to higher production in 100% cotton fabrics, which is up by 4.0%. The blended production is up by 3.3 % and the production of 100% non-cotton fabrics is down 7%.

| Fabric Production (million sq. meters) | | |
|--|---------------|---------------|
| Types | 2014-15 | 2015-16 (E) |
| 100% Cotton | 36,959 | 38,459 |
| Blended | 10,449 | 10,797 |
| 100% Non-Cotton | 16,924 | 15,660 |
| Total | 64,332 | 64,916 |

Source: Ministry of Textiles, June 2016

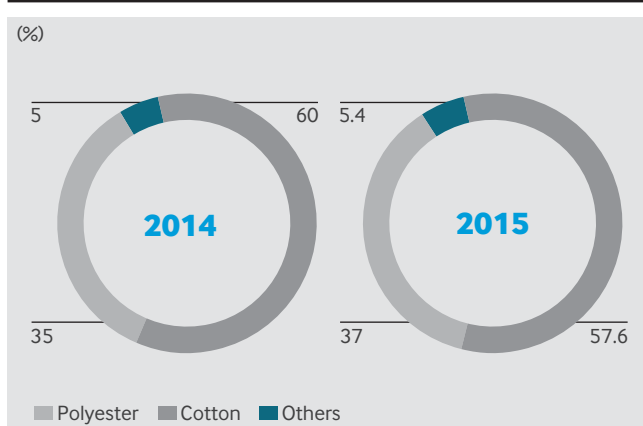
India's Yarn Scenario

Yarn growth in all three major segments is positive, registering 3.2% increase. 100% cotton yarns witnessed 2.0% growth, blended fabric yarn was up by 5.5% and 100% non-cotton yarn grew by 8%.

| Fabric Production (million kg) | | |
|--------------------------------|--------------|--------------|
| Types | 2014-15 | 2015-16 (E) |
| 100% Cotton | 4,055 | 4,138 |
| Blended | 920 | 971 |
| 100% Non-Cotton | 513 | 554 |
| Total | 5,488 | 5,663 |

Source: Ministry of Textiles, June 2016

India Fibre production break up 2014 Vs 2015



Indian polyester industry

The polyester fibre demand remained stable at 3.6 million tonnes in 2015-16. The subdued market sentiments, weakening consumer demand and higher imports of manmade yarns and fabrics affected Indian domestic polyester industry. The polyester fibre capacity utilisation is seen at 65%.

Polyester fibre is estimated to grow at 5-6% during 2016-2018 owing to growing application of technical textiles, higher disposable income and rising demand of polyester in fashion fabrics. The competitive prices of polyester fibre will contribute to an increase in polyester fibre's market share.

Polyester Filament Yarn (PFY)

- ▶ Industry capacity utilisation is estimated at 62%
- ▶ Domestic demand has marginally increased to 2.82 million tonnes in 2015-16 from 2.79 million tonnes in 2014-15
- ▶ Domestic production is estimated at 2.98 million tonnes

Polyester Staple Fibre (PSF)

- ▶ Industry capacity utilisation is estimated at 76%
- ▶ Domestic demand has marginally reduced to 0.795 million tonnes in 2015-16 from 0.800 million tonnes in 2014-15
- ▶ PSF Virgin production is estimated at 0.887 million tonnes

Indo Rama Synthetics (India) Limited (Indo Rama)

Indo Rama, India's largest dedicated polyester manufacturer, with an annual capacity of 6,10,050 tonnes. The Company has an integrated manufacturing complex at Butibori near Nagpur (Maharashtra). Its product portfolio comprises polyester staple fibre (PSF), polyester filament yarn (PFY), draw texturised yarn (DTY), fully drawn yarn and textile grade chips.

With over two decades of prominence in the polyester field, the Company has emerged as one of India's most cost-efficient polyester manufacturers. It possesses a wide range of value-added products through enhanced DTY production capacity with new-generation machines. Indo Rama's well-defined quality and process management system ensures supreme quality products.

The Company is consistently increasing its global footprint through penetrating into major markets across unexplored geographies. Moreover, the Company's enduring relationship with existing clients ensures repeat business.

Production and sales performance

| Particulars | 2014-15 | 2015-16 |
|-------------------------------|---------|---------|
| Total sales (₹ in million)* | 30,144 | 27,856 |
| Total exports (₹ in million) | 6,796 | 4,921 |
| Electrical power (MWPH) | 29.42 | 32.04 |
| Polyester Staple Fibre (TPA) | 179,802 | 189,670 |
| Polyester Filament Yarn (TPA) | 131,537 | 146,908 |
| Draw Texturised Yarn (TPA) | 71,982 | 84,091 |
| Polyester Chips (TPA) | 107 | 1,983 |

*Includes gross sales and other operating income.

Financial performance

(₹ in million)

| Particulars | 2014-15 | 2015-16 |
|--------------------------|---------|---------|
| Total income* | 30,242 | 28,165 |
| EBIDTA | 1,323 | 1,243 |
| PBT | (340) | (597) |
| PAT | (215) | 560 |
| Book value per share (₹) | 36.48 | 38.97 |
| Earnings per share (₹) | (1.42) | 3.69 |

*Total income includes gross sales, operating and other income.

Raw material dynamics

Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) are the primary raw materials for the polyester industry. As these are derivatives of the petrochemicals industry, any change in crude oil price affects their prices.

During 2015-16, the price of crude oil remained highly volatile and varied between a high of US\$ 65 per barrel to a low of US\$ 31 per barrel. This led to instability in the prices of Paraxylene (PX), PTA, as well as MEG. The price of PX varied between US\$ 951 pmt to US\$ 718 pmt.

Purified Terephthalic Acid (PTA)

The PTA prices varied between US\$ 741 pmt to US\$ 551 pmt. PTA remained oversupplied in the world market due to addition of

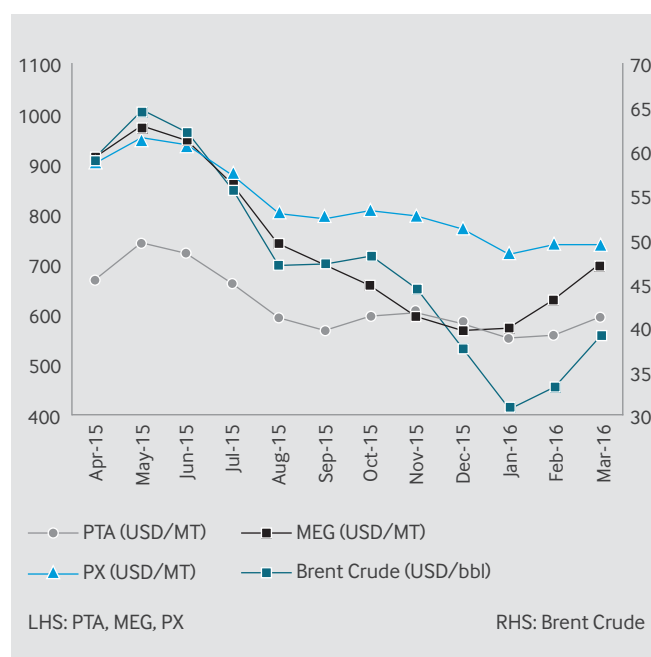
capacities in China in excess of growth in demand. Besides, there was also capacity expansion in India. Overcapacity resulted in pressure on prices, and the average PTA-PX delta for 2015-16 was about US\$ 75 pmt. This forced many PTA manufacturers to either shut down operations or reduce operating rates.

In India, PTA supplies became adequate to surplus during the year's first half. In December 2015, the government imposed anti-dumping duty on almost all PTA supplying countries including china. Hence, import reduce significantly, and were viable only for export against advance license. Technical hazards and plant shutdown of PTA manufacturing companies adversely affected PTA supply. However, presently the Indian market is balanced.

Mono Ethylene Glycol (MEG)

The MEG prices varied between US\$974 pmt to US\$ 568 pmt. MEG supplies remained normal till December 2015 owing to steady imports coming into India due to force measures/technical issues, MEG manufacturing companies curtailed production affecting MEG supply into India. However it became normal in March'16, after a new plant was commissioned in Iran and material from the facility started coming to India. MEG availability is expected to ease further after commissioning of 750 KT MEG plant during Q3 of 2015-16, in India.

Prices of PTA, MEG, PX & Crude Oil



Power business

Indo Rama's captive power source enables continuous power supply for uninterrupted production. After the 10 MW STG addition, the Captive Power Plant (CPP) capacity has increased to 40 MW with coal-based thermal power generation; 31.08 MW FO-based DG sets are used to meet emergencies as well as to cater to additional power demand during peak hours when the grid power is costlier than DG power. The Company has imported cheaper power on available opportunities and during off peak hours. The Company's combined power generation capabilities are integrated into a common power supply pool, from which the required amount of power is fed for captive power consumption. The CPP also meets steam demand of the process through extraction from turbines.

The Company continues to reduce the overall cost of the power of polyester production and subsequently, contributes to the core business profitability. The utilisation of higher gross calorific value (GCV) coal, as well as transporting the same over rail has reduced overall fuel costs. The CPP also sells the surplus power in the energy exchange, when the prices are favourable.

Human Resource

Indo Rama believes that employees play a pivotal role in achieving a competitive advantage. Indo Rama's talented and engaged workforce has helped the Company to attain excellence through creating consistent value. The Company not only attracts the best talent but nurtures them through active learning and development programmes to upgrade their skill-set.

Besides, best-in-class processes and technologies are being adopted to provide support to employees and drive growth as well.

Indo Rama's work environment encourages innovation and creativity and promotes a culture that facilitates entrepreneurial activity within the organisation. During the year, the Company strengthened its relationship with employees through maintaining a culture of harmony across the organisation.

HR policy

The basic principles of Indo Rama's HR policy include:

- ▶ Following merit-based recruitment through well-defined and systematic selection procedures to eliminate discrimination
- ▶ Sustaining motivated and quality workforce through appropriate and fair performance evaluation, followed by rewards and recognitions
- ▶ Identifying internal training needs; designing and implementing those training programmes to enhance knowledge, skills and employee attitude
- ▶ Meeting international ISO standards

- ▶ Planning, designing, training, equipping and motivating the staff to meet the standards

Regular and sustained training programmes form Indo Rama's core functions and operations. The Company undertook several initiatives in this regard during 2015-16. It followed a stringent employee training policy to identify needs. The sincere efforts of the employees have resulted in major administrative expense savings.

A vibrant work culture

- ▶ Freedom to experiment
- ▶ Continuous learning and training
- ▶ Transparency
- ▶ Quality
- ▶ Performance-based rewards

A fair process – from recruitment to rewards

Indo Rama follows a regularised and merit-based recruitment process supported by structured and precise selection procedures to avoid chances of discrimination. The Company has an inbuilt feedback process, which makes the system more transparent. Its fair evaluation process and unbiased performance appraisal system help sustain the quality of its workforce. Besides, The Company also encourages people with rewards and recognitions.

Consistent training – at every level

Indo Rama's responsibility doesn't get over by bringing in the best talent on board. It consistently grooms the team at every level to make them attuned to the changing work scenario. The Company identifies the evolving training needs and subsequently, designs and implements the relevant training programmes to promote knowledge, skill and employee attitude. It provides both functional and behavioural training to its employees to ensure improved productivity.

Engagement – through various activities

The Company celebrates several events and organises various employee-engagement activities to promote a bond within people. Engaged employees are the most productive ones, and thus the Company doesn't leave a chance to make the best use of employee engagement programmes. Besides, it organises cultural and sports events for employees, their family members, as well as for the entire industrial area to facilitate cordial and healthy relations.

Highlights, 2015-16

- ▶ Organised a six-day training programme on 'Power System Protection' for electrical and instrumentation staff

MANAGEMENT DISCUSSION AND ANALYSIS

- ▶ Conducted training programmes as per identified needs of employees, including supervisor development programme, executive development programme and couple training programme, among others.
- ▶ Organised four *pranic* healing camps to secure good health and overall - development
- ▶ Undertook the 'critical employee initiative' - categorised some critical employees, empowered them through training sessions and strengthened their capabilities to prepare them for the next level
- ▶ Optimised and right-sized ourselves, which resulted in some reduction in the workforce
- ▶ Adopted one more ITI at Samudrapur, where the Company's highly-experienced employees teach students to share knowledge

Risk management

A well-defined risk management process is integral to any company in this volatile business environment. A successful risk management framework entails anticipation of risks and prevention of the same by formulating and implementing relevant strategies.

| Risk | Mitigation measures |
|--|---|
| Industry risk A slowdown in demand in the downstream industries may adversely affect the Company's performance. | <ul style="list-style-type: none"> ▶ The textile industry is expected to witness a consistent growth, consequently, facilitating the polyester industry's progress. ▶ Polyester is rapidly emerging as an extensively used and preferred fibre. It is being used in apparel, automotive, home furnishing and sportswear sectors, among others. ▶ The emerging middle-class population with rising disposable income will drive the polyester demand. Besides, the government's thrust towards uplifting the nation's rural sector is expected to boost rural India's economic health, consequently improving the consumption of textiles and apparels. |
| Cost risk The imposition of various input costs can impact the Company's profitability. | <ul style="list-style-type: none"> ▶ Instead of importing raw materials, the Company is now procuring raw materials from Indian players. It has helped in cost reduction. ▶ Indo Rama converted Heat Treatment Media (HTM) from furnace oil (FO) to coal-based heating, resulting in the saving of energy cost. ▶ It renegotiated with all vendors for key raw materials to further optimise cost. ▶ The Company focused on alternative sourcing from local vendors for various items instead of Original Equipment Manufacturers (OEMs). ▶ It conducted energy audits and undertook requisite measures to mitigate shortcomings. This enabled the Company to save around 2-3% of energy cost. |
| Quality risk Any drop in the product quality affects the Company's image. | <ul style="list-style-type: none"> ▶ Indo Rama has a well-defined quality and process management system. ▶ Its fully-equipped quality-controlled laboratory with advanced equipment ensures superior-quality products. ▶ The Company has a strong technology back-up that helps in maintaining good quality. ▶ Indo Rama has been certified with ISO-9001:2008 for quality assurance. |
| Employee risk Inability to attract and retain efficient and skilled employees can adversely impact the Company's growth. | <ul style="list-style-type: none"> ▶ Indo Rama follows a regularised and merit-based recruitment process, supported by structured and precise selection procedures to avoid chances of discrimination. ▶ The Company's fair evaluation process and unbiased performance appraisal system help sustain the quality workforce. ▶ It encourages people with various rewards and recognitions. This helps in retaining employees. ▶ Employee engagement activities also strengthen the employer-employee relationship, thus facilitating a congenial environment. |
| Technology risk Lack of technological upgradation affects the Company's production process. | <ul style="list-style-type: none"> ▶ The Company adopted best-in-class technology from the US, Germany, Japan, France, Finland, Switzerland, Belgium and Singapore, among others ▶ Consistent investment in technology upgradation enabled the Company to stay ahead of the curve. ▶ Consistent increase in average realisations through re-engineering and improvisation ▶ A strong technical team always monitors the entire process to ensure stability. |

| Risk | Mitigation measures |
|---|--|
| Customer risk The inability to reach out to the demand pockets and cater to the evolving customer needs. | <ul style="list-style-type: none"> ▶ The Company has strengthened the marketing and sales team, enabling increased market penetration ▶ It is consistently coming up with new and specialised products to cater to the evolving customer aspirations. ▶ The Company interacts with customers to understand their requirements, prepare sample products and monitor customer acceptance. This ensures customer satisfaction. ▶ Indo Rama analyses the present market trends to understand demands, which has helped it to cater to a large customer base with cost-efficient and quality products. ▶ Instead of one-time transactions, the Company tries to maintain a long-term relationship with customers. ▶ The Company's marketing department closely monitors relationships with customers to ensure repeat business. |
| Competition risk Attractive business prospects, quality product portfolio and diverse client base can attract competition. | <ul style="list-style-type: none"> ▶ Indo Rama is widening its customer base and catering to their specific needs to gain customer trust. It will help in the long run. ▶ The Company expanded its value-added product portfolio to address a broader client base and reinforce a culture of innovation to reduce cost. ▶ Its fully-equipped quality control laboratory with contemporary equipment ensures continuous supply of best-quality products. |
| Raw material risk Any inconsistency in the supply of raw materials or price volatility affects the entire production process. | <ul style="list-style-type: none"> ▶ The Company's shift towards procuring raw materials from domestic suppliers ensured smooth supply and lowered the foreign exchange exposure. ▶ The drop in oil prices reduced the price of raw materials, as the primary raw materials are petrochemical based. ▶ Indo Rama maintains a stock of raw materials that can be used in case of any inconsistency in supply. ▶ The Company can pass the cost escalation burden to its customers. |
| Forex risk Volatility in global currencies can impact profitability. | <ul style="list-style-type: none"> ▶ The Company maintains a balance between exports receipts and imports payments, creating a natural hedge against adverse currency fluctuations. ▶ It encouraged forward contracts to safeguard against currency volatility. |

Safety, health and environment

Safety

Maintaining safety at workplace is critical to Indo Rama. The Company is making consistent efforts to make its employees, contractor workers and their families aware of safety measures. It organises special training sessions on fire safety management to equip its employees to deal with any emergency. Indo Rama abides by all statutory norms as per Factories Act 1948, Maharashtra Factories Rules 1963 and Maharashtra Fire Prevention and Life Safety Rules.

- ▶ No major fire incidents took place in 2015-16
- ▶ Imparted fire and safety training to over 2880 employees including contractor workers
- ▶ Developed proactive fire squad and offered regular fire and safety training to ensure full preparedness to deal with any emergency
- ▶ Regularly updated on-site Emergency Management Plan to tackle any major emergency inside and outside plant premises
- ▶ Conducted mock drills to ensure emergency preparedness
- ▶ Organised awareness programmes for family members of employees on LPG safety, home safety, road safety and other relevant topics

- ▶ Celebrated safety month from 4th February to 4th March to create safety awareness among employees, including contractor workers
- ▶ Extended help to nearby industries during fire emergencies by providing fire tender to extinguish fire
- ▶ Commissioned new projects (BDD, OPW & HB in CP-2/3 Poly, MOD in CP-5 Poly and DTY Phase-V) without any accident
- ▶ Received second prize in 'Best Safety Practices in Chemical Industries' conducted by National Safety Council-Maharashtra Chapter, Vidarbha Action Center

Health

The Company organises periodic health check-up camps for employees to provide guidance on matters of health, diet and exercise. The key initiatives taken during the year to secure the health of employees as well as the people around the vicinity include:

- ▶ Conducted a voluntary blood donation camp at Site Health Centre, in association with Jeeva Jyoti Blood Bank, Nagpur
- ▶ Organised a free diagnostic and treatment camp in association with Wockhardt Hospital, Nagpur
- ▶ Arranged a free diagnostic and treatment camp at the Site Health Centre, in association with Asha Hospital, Nagpur. Doctors from

the hospital conducted eye check-up, blood sugar examination and ECG.

- ▶ On the occasion of World Aids Day, documentaries were showed to truckers on this particular disease; a lecture was also conducted, primarily focusing on preventive measures
- ▶ Organised a lecture programme on hypertension
- ▶ Arranged a lecture programme on the prevention of heart attack
- ▶ Organised eye check-up camps at both the colonies of the Health Centre
- ▶ Conducted an educational programme on dengue at both the colonies
- ▶ Organised a cardiac check-up camp at the Health Centre, in association with Platina Hospital, Nagpur
- ▶ Conducted an awareness programme on tobacco and its side effects in the colony

Environment

Indo Rama has always focused on taking care of the planet, while performing its business activities. The Company complies with environmental standards to maintain ecological balance. Being an eco-friendly organisation, it maintains a green belt around its plant and plants thousands of trees every year. The Company has adopted various methods and practices for solid hazardous waste management. Polymer and fibre wastes are sold to authorised parties for reuse. Hazardous wastes are handled through registered recyclers, who are authorised by the concerned State Pollution Control Board and the MOEF.

Waste generated in Dissolved Air Flotation Effluent Treatment Plant (DAFETP), is sent to the common hazardous waste storage and treatment facility at Butibori. The wastewater and effluent-water after the primary treatment is sent to CETP, Butibori. Three Ambient Air Quality Monitoring Systems (AAQMS) were installed in the plant as well as, both the colonies to continuously monitor air quality. This was in accordance with the norms specified by the State Pollution Control Board.

- ▶ In accordance with 'green vision', Indo Rama takes various initiatives like tree plantation, water conservation and energy optimisation. The Company also concentrated on better utilisation of fly ash and cinders, which are bi-products of the power plant operations.

Information Technology (IT)

Information Technology in Indo Rama has a crucial role in supporting the excellence in business operations. The new email system has been implemented securing the correspondences from hackers and viruses. The new email system has enabled efficient and faster

business communications. The increase in the level of automation of data helped achieving higher work efficiency. This year also automation of data capturing across locations is on priority. The organisation is getting ready for GST based IT enabled system.

Internal controls and their adequacy

Internal audit is used as an effective tool to check and enhance the Company's efficacy of systems, processes and controls. It is carried out by an independent agency and internal enterprise risk management team. The review plan, drawn in consultation with the senior management, covers all the major areas. Standard operating procedure compliance and management-approved policies are reviewed and areas of improvement, if any, are identified. All observations and suggestions for improvement form a part of the report. The report is discussed with the senior management and Audit Committee of the Board. Wherever necessary, adequate corrective measures are initiated to ensure compliance.

Statutory compliance

The Chairman and Managing Director makes a declaration at each Board Meeting regarding the compliance with the provisions of various statutes, after obtaining confirmation from all the units of the Company. The Company Secretary ensures compliance accordance to SEBI regulations and provisions of the Listing Regulations.

Cautionary statement

The Management of Indo Rama has prepared and is responsible for the financial statements that appear in this report. These are in conformity with accounting principles generally accepted in India. The Management also accepts responsibility for the preparation of other financial information that is included in this report. Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. The Management has made these statements based on its current expectations and projections about future events. Wherever possible, it has tried to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance. Such statements, however, involve known and unknown risks, significant changes in the political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuations, interest and other costs, which may cause actual results to differ materially. The management cannot guarantee that these forward-looking statements will be realised, although it believes that it has been prudent in making these assumptions. The Management undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Report on Corporate Governance



Indo Rama's governance framework enjoins the highest standards of ethical and responsible conduct of business to create value for all stakeholders. It continues to focus on good corporate governance, in line with emerging local and global standards. It understands and respects its fiduciary role in the corporate world. Besides adhering to the prescribed corporate governance practices as per Regulation 4 (2) read with Chapter IV of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company voluntarily governs itself as per highest standards of ethical and responsible conduct of business in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, consumers, lenders and the community at large.

The majority of the provisions of the Companies Act, 2013 became effective from April 1, 2014. The prime focus of the Companies Act, 2013 is on shareholders' democracy, higher transparency and more disclosures, E-Governance, investor protection/minority shareholders and on Professionals' enhanced role and accountability. The current annual report of your Company contains all the information and disclosures which are required to be given under the Companies Act, 2013/Listing Regulations.

Company's Philosophy on Code of Governance

Corporate Governance is an integral part of Indo Rama's value system, management ethos and business practices. The Company's corporate governance initiatives are based on:

- ▶ Commitment to excellence and customer satisfaction;
- ▶ Commitment to maximizing long-term shareholder value;
- ▶ Commitment to responsible and ethical corporate conduct; and
- ▶ Concern for the environment and sustainable development.

The Company regularly evaluates and defines its management practices which are aimed at enhancing its commitment to ensure that these basic tenets of corporate governance are met. At Indo Rama, the basic Corporate Governance norms have been institutionalized as an enabling and facilitating business process at the Board, Management and Operational levels. Business practices are regularly reviewed and reaffirmed against these tenets and all steps are taken to ensure that Company operates beyond the mandatory regulatory framework of good corporate governance.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports of Indo Rama's compliance pursuant to the Listing Regulations with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), as applicable with regard to Corporate Governance.

Appropriate Governance Structure with defined Roles and Responsibilities

The Company, Indo Rama Synthetics (India) Limited (IRSL), has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established seven Committees to discharge its responsibilities in an effective manner. IRSL's Company Secretary acts as the Secretary to all the Committees of the Board. The Chairman and Managing Director (CMD) provide overall direction and guidance to the Board. Concurrently, the CMD is responsible for overall implementation. In the operations and functioning of the Company, the CMD is assisted by two Executive Directors and a core group of Senior Level Executives.

REPORT ON CORPORATE GOVERNANCE

Best Corporate Governance practices

IRSL maintains the highest standards of corporate governance. It is the Company's constant endeavour to adopt the best corporate governance practices keeping in view of codes of Corporate Governance. Some of the best implemented governance norms include the following:

- ▶ The Company has a designated Lead Independent Director with a defined role;
- ▶ All securities related filings with Stock Exchanges and SEBI will be reviewed every quarter by the Company's Stakeholders Relationship Committee of Directors;
- ▶ The Company has independent Board Committees for matters related to corporate governance and stakeholders' interface and nomination of Board members;
- ▶ The Company's internal audit is conducted by independent auditors.

Board of Directors**Composition of the Board, Board Meetings and Attendance**

As on 31st March 2016, Indo Rama's Board comprised of seven Directors. There are three Executive Directors on the Board, including the executive Chairman. One Director is non-executive and non-independent; the remaining three Directors are non-executive Independent Directors. During 2015-16, the Board of the Company met four times on 18th May 2015; 14th August 2015; 14th November 2015 and 10th February 2016. The maximum gap between any two Board meetings was less than one hundred twenty days. Table 1 gives the attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorship and Chairmanship / Membership of Committees of each Director in various Companies:

Table 1: Composition of the Board of Directors.

| Name of the Director | DIN | Category | No. of Other Directorships ¹ | No. of Membership/ Chairmanship of Board Committees in other Companies ² | | Number of Board Meetings during the year | | Whether attended last AGM |
|---|----------|----------------------------------|---|---|---------------|--|----------|---------------------------|
| | | | | Memberships | Chairmanships | Held | Attended | |
| Mr. Mohan Lal Lohia ³ (Chairman-Emeritus) | 00918397 | Promoter, Non-Executive Director | - | - | - | 4 | 4 | No |
| Mr. Om Prakash Lohia ³ (Chairman & Managing Director) | 00206807 | Promoter, Executive Chairman | 1 | - | - | 4 | 4 | Yes |
| Mr. Vishal Lohia ³ (Whole-time Director) | 00206458 | Executive Director | 4 | - | - | 4 | 4 | Yes |
| Mr. Ashok Kumar Ladha | 00089360 | Independent Director | 6 | - | 1 | 4 | 4 | Yes |
| Mr. Suman Jyoti Khaitan | 00023370 | Independent Director | 4 | 2 | 3 | 4 | 4 | Yes |
| Ms. Ranjana Agarwal ⁴ | 03340032 | Independent Director | 3 | 1 | 3 | 4 | 4 | Yes |
| Dr. Arvind Pandalai ⁵ | 00352809 | Independent Director | 6 | - | - | 4 | 4 | Yes |
| Mr. Anant Kishore ⁶ | 05262142 | Executive Director | - | - | - | 4 | 4 | Yes |

Notes:

1. The Directorships held by the Directors as mentioned above, do not include Alternate Directorships and Directorships in Foreign Companies, Companies registered under Section 8 of the Companies Act, 2013 and Private Limited Companies.
2. In accordance with Regulations, Chairmanships/Memberships of only Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies [excluding Indo Rama Synthetics (India) Limited] have been considered.
3. Mr. Mohan Lal Lohia, Mr. Om Prakash Lohia and Mr. Vishal Lohia are related to each other.
4. Ms. Ranjana Agarwal has appointed as Independent Women Director, with effect from 18th May 2015.
5. Dr. Arvind Pandalai has resigned with effect from 20th February 2016.
6. Mr. Anant Kishore ceased from Whole-time Director w.e.f. 7th August 2016.

As detailed in the table above, none of the Directors is a member of more than 10 Board-level Committees of Public Companies in which they are neither Directors nor Chairman of more than five such Committees.

Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's



INDO RAMA'S GOVERNANCE FRAMEWORK ENJOINS THE HIGHEST STANDARDS OF ETHICAL AND RESPONSIBLE CONDUCT OF BUSINESS TO CREATE VALUE FOR ALL STAKEHOLDERS.

business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter-alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as provided under law.

Lead Independent Director

The Company's Board of Directors has designated Mr. Ashok Kumar Ladha as the Lead Independent Director. The Lead Independent Director's role is as follows:

- ▶ To preside over all meetings of Independent Directors;
- ▶ To ensure there is an adequate and timely flow of information to Independent Directors;
- ▶ To liaise between the Chairman and Managing Director, the Management and the Independent Directors;
- ▶ To preside over meetings of the Board and Shareholders when the Chairman and Managing Director is not present, or where he is an interested party;
- ▶ To perform such other duties as may be delegated to the Lead Independent Director by the Board/Independent Directors.

Meetings of Independent Directors

The Company's Independent Directors are required to meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the Lead Independent Director.

The Lead Independent Director takes appropriate steps to present Independent Directors' views to the Chairman and Managing Director.

During the financial year 2015-16, one meeting of the Independent Directors was held on 21st November 2015 and all the Independent Directors were present in this meeting.

Directors with Material Pecuniary or Business Relationship with the Company

As mandated by Regulations, the Independent Directors of the Company:

- ▶ are a person of integrity and possesses relevant expertise and experience;
- ▶ are not a promoter of the Company or its holding, subsidiary or associate Company;

- ▶ are not related to promoters or directors in the Company, its holding, subsidiary or associate Company;
- ▶ apart from receiving Director's remuneration (sitting fee), do not have any material pecuniary relationships or transactions with the Company, its Promoters or Directors, its Senior Management which may affect independence of these Directors;
- ▶ none of their relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company, or their Promoters, or Directors, amounting to 2% or more of its gross turnover or total income or 50 lakh rupees or such higher amount as may be prescribed, whichever is lower, during the 2 immediately preceding financial years or during the current financial year;
- ▶ have not been an key managerial personnel or is or has been employee of the Company in the immediately preceding three financial years;
- ▶ are not employee or proprietor or partners or were not employee or proprietor or partners during the preceding three years of the:
 - ▶ Statutory audit firm or Company Secretary in practice or cost auditor the internal audit firm that is associated with the Company;
 - ▶ Legal/consulting firm(s) that have a material association with the Company;
- ▶ are not substantial shareholders of the Company, i.e., do not own two percent or more of the block of voting shares;
- ▶ are not a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its Promoters, Directors or its holding, subsidiary or associate Company or that holds two per cent or more of the total voting power of the Company; and
- ▶ are not material suppliers, service providers or customers or lessors or lessees to the Company which may affect independence of the Directors.

Transactions with related parties are disclosed in Note No. 34 of the "Notes to the Financial Statement". There has been no material pecuniary transaction or relationship between the Company and its Non-executive and/or Independent Directors during the financial year 2015-16.

Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, annual operating plans and budgets, quarterly details of foreign exchange exposures, collaborations, material investment proposals in joint venture/

promoted Companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations, etc., are regularly placed before the Board. This is in addition to information with regard to actual operations; major litigation feed-back reports, information on senior level appointments just below the Board level and minutes of all Committee Meetings.

The information as required to be placed before Board of Directors as per Code of Corporate Governance is being made available to the Board as and when applicable.

The Board of Directors of the Company is presented with detailed notes along with the agenda papers well in advance of the meetings. The Board periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances.

Familiarisation Programme for Directors

At the time of appointing a Director, a formal letter of appointment is given to him, which inter-alia explains the role, function, duties and responsibilities expected from him as a Director of the Company. The Director is also explained in details the Compliance required from him under Companies Act, 2013, Listing Regulations and other various statutes and an affirmation is obtained. The Chairman and Managing Director also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. Further, on an ongoing basis as a part of Agenda of Board / Committee Meetings, presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and its subsidiaries and operations, industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters. The details of the Familiarisation Programme for Directors are available on the Company's website.

Compliance with the Code of Conduct

The Company's Board has laid down a Code of Conduct for all Board members and Senior Management of the Company. The Code of Conduct is available on the website of the Company. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct during the financial year 2015-16. A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of this report.

Insider Trading Code

The Securities and Exchange Board of India (SEBI) has promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("The PIT Regulations"). The PIT Regulations has come into effect from 15th May 2015 and replaced the earlier Regulations. The object of the PIT Regulations is to curb the practice of insider trading

in the securities of a listed company. The Company has adopted an 'Internal Code of Conduct for Regulating, Monitoring and Reporting of Trades by Insiders' ("the Code") in accordance with the requirements of the PIT Regulations. The Code is applicable to Promoters and Promoter's Group, all Directors and such Designated Employees who are expected to have access to unpublished price sensitive information relating to the Company. The Company Secretary is the Compliance Officer for monitoring adherence to the said Regulations. The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015. This Code is displayed on the Company's website.

Board material distributed in advance

The agenda and notes on agenda are circulated to Directors in advance, and in the defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

Recording minutes of proceedings at Board and Committee Meetings

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

Committees of the Board

Audit Committee

The primary objective of the Audit Committee is to monitor and provide effective supervision of the Management's financial reporting process with a view to ensuring accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the independent auditor, and notes the processes and safeguards employed by each. All possible measures are taken by the Committee to ensure the objectivity and independence of the independent auditor.

(a) Composition and Terms of Reference of Committee

The Board of Directors constituted an Audit Committee and the powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. As on 31st March 2016,

the Audit Committee of the Company comprises of three Directors, viz.; Mr. Ashok Kumar Ladha, Mr. Vishal Lohia, Dr. Arvind Pandalai* and Mr. Suman Jyoti Khaitan. Mr. Ashok Kumar Ladha, Dr. Arvind Pandalai* and Mr. Suman Jyoti Khaitan are Independent Directors. Mr. Ashok Kumar Ladha, Independent Director acts as Chairman of the Audit Committee. All the members are financially literate and possess the requisite financial/business acumen to specifically look into the internal controls and audit procedures. The members of the Audit Committee have discussions with the Statutory Auditors during the meetings of the committee. The quarterly/half-yearly and un-audited/audited financial statements of the Company are reviewed by the Audit Committee before consideration and approval by the Board of Directors.

Upon resignation of Dr. Arvind Pandalai, the Committee reconstituted on 18th May 2016, comprises four members, viz: Mr. Ashok Kumar Ladha as Chairman, Mr. Vishal Lohia, Mr. Suman Jyoti Khaitan and Ms. Ranjana Agarwal are as Members of the Audit Committee.

As per Regulation 18 (3) read with Part C of Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013, the Audit Committee has been entrusted with the following responsibilities:-

- ▶ Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ▶ Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- ▶ Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- ▶ Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;
- ▶ Reviewing matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

Reviewing changes, if any, in accounting policies and practices and reasons for the same;

- ▶ Reviewing major accounting entries involving estimates based on the exercise of judgment by management;
- ▶ Reviewing significant adjustments made in the financial statements arising out of audit findings;
- ▶ Reviewing compliance with listing and other legal requirements relating to financial statements;
- ▶ Reviewing disclosure of any related party transactions;

- ▶ Reviewing qualifications in the draft audit report;
- ▶ Reviewing with the management, the quarterly financial statements before submission to the board for approval;
- ▶ Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency, monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- ▶ Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- ▶ Approval or any subsequent modification of transactions of the Company with related parties;
- ▶ Scrutiny of inter-corporate loans and investments;
- ▶ Valuation of undertakings or assets of the Company, wherever it is necessary;
- ▶ Evaluation of internal financial controls and risk management systems;
- ▶ Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- ▶ Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- ▶ Discussion with internal auditors of any significant findings and follow-up thereon;
- ▶ Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- ▶ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- ▶ To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- ▶ Review of the functioning of Whistle Blower Mechanism;
- ▶ Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

- ▶ Review of Management Discussion and Analysis of financial condition and results of operations;
- ▶ Review Statement of significant related party transactions submitted by Management;
- ▶ Review of Management Letters/Letters of internal control weaknesses issued by the statutory auditors;
- ▶ Review of Internal Audit Reports relating to internal control weaknesses and the appointment, removal and terms of remuneration of the chief internal auditor; and
- ▶ Review of statement of deviations, if any:
 - ▶ quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and
- ▶ annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

(b) Meetings of Audit Committee and attendance of members during the year

During the financial year 2015-16, the Audit Committee of the Company met four times on 18th May 2015; 14th August 2015; 14th November 2015 and 10th February 2016. Table 2 gives the attendance record of the members of the Audit Committee.

Table 2: Attendance record of the Audit Committee Meetings for 2015-16.

| Name of Members | Category | Status | No. of Meetings | |
|-------------------------|----------------------|----------|-------------------|----------|
| | | | Held under tenure | Attended |
| Mr. Ashok Kumar Ladha | Independent Director | Chairman | 4 | 4 |
| Mr. Vishal Lohia | Executive Director | Member | 4 | 4 |
| Dr. Arvind Pandalai * | Independent Director | Member | 4 | 4 |
| Mr. Suman Jyoti Khaitan | Independent Director | Member | 4 | 4 |

In addition to the members of the Audit Committee, these meetings were attended by Chairman & Managing Director, President & Chief Financial Officer, Site-Head, Internal Auditor and Statutory Auditor of the Company, wherever necessary and those executives of the Company, who were considered necessary for providing inputs to the Committee.

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

The Chairman of the Audit Committee Mr. Ashok Kumar Ladha attended the 29th Annual General Meeting (AGM) held on 30th July 2015 and answered the shareholders queries.

(c) Role of Internal Auditor

Indo Rama has a robust Internal Control framework, which has been instituted considering the nature, size and risk in the business. The framework comprises, inter-alia, of a well-defined organisation structure, roles and responsibilities, documented policies and procedures, etc. Information Technology policies and processes were also updated to ensure that they satisfy the current business needs. This is complemented by a management information and monitoring system, which ensures compliance to internal processes, as well as with applicable laws and regulations. The operating management is not only responsible for revenue and profitability, but also for maintaining financial discipline and hygiene.

In order to ensure efficient Internal Control systems, the Company also has a well-established independent Internal Audit function that is responsible for providing assurance on compliance with operating systems, internal policies and legal requirements, as well as, suggesting improvements to systems and processes. The Internal Audit has a well laid down internal audit methodology, with emphasis on risk based internal audits using data analytics and tools.

The Internal Auditor prepares a rolling annual internal audit plan, comprising of operational, financial, compliance and information systems audits, covering all the locations, operations and geographies of the Company. The audit plan for the year is reviewed and approved by the Audit Committee at the beginning of each financial year.

The Internal Audit reports on quarterly basis to the Audit Committee, the key internal audit findings, and action plan agreed with the management, the status of audits vis-à-vis the approved annual audit plan and status of open audit issues.

Nomination and Remuneration Committee

Composition of the Committee

The Board of Directors had constituted a Nomination and Remuneration Committee and the powers, role and terms of reference of the Committee covers the areas as contemplated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The committee comprises of three members, viz.; Mr. Ashok Kumar Ladha, Dr. Arvind Pandalai* and Mr. Suman Jyoti Khaitan. Mr. Ashok Kumar Ladha is the Chairperson of this committee.

Upon resignation of Dr. Arvind Pandalai, the Committee reconstituted on 18th May 2016, comprises three members, viz: Mr. Ashok Kumar Ladha as Chairman, Mr. Suman Jyoti Khaitan and Ms. Ranjana Agarwal as Members of the Committee. All are Independent Directors.

The Nomination and Remuneration Committee has devised a policy on Board diversity in terms with the requirement under Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Chairman of the Nomination and Remuneration Committee Mr. Ashok Kumar Ladha attended the 29th Annual General Meeting (AGM) held on 30th July 2015 and answered the shareholders queries.

The Company Secretary acts as the Secretary of the Committee.

Brief description of the Terms of Reference

The Nomination and Remuneration Committee has been entrusted with the responsibilities to review and grant annual increments, vary and/or modify the terms and conditions of appointment/re-appointment including remuneration and perquisites, commission, etc., payable to Managing Directors within the overall ceiling of remuneration as approved by the members.

The Committee noted the following terms of reference pursuant to Section 178 of the Companies Act, 2013 & Regulation 19 (4) read with Part D Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- ▶ Reviewing the overall compensation policy, service agreements and other employment: conditions of Managing /Whole-time Directors, Key Managerial Personnel:
- ▶ to help in determining the appropriate size, diversity and composition of the Board:
- ▶ to recommend to the Board appointment/re-appointment and removal of Directors:
- ▶ to frame criteria for determining qualifications, positive attributes and Independence of Directors:

- ▶ to recommend to the Board remuneration payable to Directors, while fixing remuneration to the Executive Directors, the restriction contained in the Companies Act, 2013 is to be considered:
- ▶ to create an evaluation performance framework for Independent Directors and the Board :
- ▶ to provide necessary report to the Chairman after the evaluation process is completed by the Directors:
- ▶ Devising a Policy to diversify of Board;
- ▶ To see that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks:
- ▶ Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.:

Nomination and Remuneration Policy

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, this policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company has been formulated by the Nomination and Remuneration Committee of the Company and approved by the Board of Directors. The Nomination and Remuneration Policy is available on the website of the Company.

Remuneration of Directors

Subject to the approval of the Board of Directors and subsequent approval by the Shareholders at the General Meeting and such other authorities as the case may be the remuneration of the Managing Director and Whole-time Directors of the Company is fixed by the Nomination and Remuneration Committee. The remuneration is determined considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company, etc. The remuneration structure comprises Basic Salary, commission linked to profits, perquisites and allowances, contribution to provident fund and other funds in accordance with various related provisions of the Companies Act, 2013.

The non-executive Directors have not drawn any remuneration from the Company except sitting fee for meetings of the Board and Committees attended by them. The Company does not have a stock option scheme for its Directors.

REPORT ON CORPORATE GOVERNANCE

The remuneration paid or payable to the Directors of the Company during the year ended 31st March 2016 is set forth in Table 3 below.

Table 3: Remuneration paid or payable to Directors for 2015-16.

(₹ in Crore)

| Name of the Director | Relationship with other Directors | Salary | Perquisites | Deferred Benefits (PF and Gratuity)* | Commission | Sitting Fees for Board and Committee Meetings | Total |
|---|--|-------------|-------------|--------------------------------------|------------|---|-------------|
| Mr. Mohan Lal Lohia (Chairman-Emeritus) | Father of Mr. Om Prakash Lohia and Grandfather of Mr. Vishal Lohia | - | - | - | - | - | - |
| Mr. Om Prakash Lohia (Chairman & Managing Director) | Son of Mr. Mohan Lal Lohia and Father of Mr. Vishal Lohia | 2.45 | 0.06 | 0.31 | - | - | 2.82 |
| Mr. Vishal Lohia (Whole-time Director) | Grandson of Mr. Mohan Lal Lohia and Son of Mr. Om Prakash Lohia | 1.80 | 0.14 | 0.17 | - | - | 2.11 |
| Mr. Anant Kishore (Whole-time Director & CEO) | None | 0.85 | 0.17 | 0.06 | - | - | 1.08 |
| Mr. Ashok Kumar Ladha | None | - | - | - | - | 0.03 | 0.03 |
| Dr. Arvind Pandalai * | None | - | - | - | - | 0.02 | 0.02 |
| Mr. Suman Jyoti Khaitan | None | - | - | - | - | 0.02 | 0.02 |
| Ms. Ranjana Agarwal | None | - | - | - | - | 0.01 | 0.01 |
| Total | | 5.10 | 0.37 | 0.54 | - | 0.08 | 6.09 |

* With regard to Leave Encashment and Gratuity Fund, the amount applicable to an individual is not ascertainable and hence not indicated.

Meetings of Nomination and Remuneration Committee and attendance of members during the year

During the financial year 2015-16, the Nomination and Remuneration Committee of the Company met three times on 18th May 2015; 14th November 2015 and 10th February 2016. Table 4 gives the attendance record of the members of the Committee.

Table 4: Attendance record of the Nomination and Remuneration Committee Meetings for 2015-16.

| Name of Members | Category | Status | No. of Meetings | |
|-------------------------|----------------------|----------|-------------------|----------|
| | | | Held under tenure | Attended |
| Mr. Ashok Kumar Ladha | Independent Director | Chairman | 3 | 3 |
| Dr. Arvind Pandalai * | Independent Director | Member | 3 | 3 |
| Mr. Suman Jyoti Khaitan | Independent Director | Member | 3 | 3 |

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulation, the Board has carried out the annual evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non-Independent Directors were carried out by the Independent Directors. The Directors express their satisfaction with the evaluation process.

Criteria for determining Independence

The Independent Director shall qualify the criteria of independence mentioned in Section 149(6) of the Companies Act, 2013 and Rules related thereto and in Regulation 16 (b) & 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Role of the Company Secretary in overall Governance Process

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the

Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

Shares held by Non-Executive Directors

Table 5: Details of the shares^{\$} held by the Non-Executive Directors as on 31st March 2016.

| Name of the Director | Category | Number of shares held |
|-------------------------|-----------------------------------|-----------------------|
| Mr. Mohan Lal Lohia | Promoter - Non-Executive Director | 300,028 |
| Mr. Ashok Kumar Ladha | Independent Director | 17,713 |
| Dr. Arvind Pandalai* | Independent Director | Nil |
| Mr. Suman Jyoti Khaitan | Independent Director | Nil |
| Ms. Ranjana Agarwal | Independent Director | Nil |

^{\$} The Company has not issued any convertible securities to any Non-Executive Director.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee is primarily responsible to review / monitors and redressal of Investors' / Shareholders' grievances.

The Stakeholders Relationship Committee's composition and the terms of reference meet with the requirements of Listing Regulations and provisions of the Companies Act, 2013.

The Stakeholders Relationship Committee comprises of three members, viz.; Mr. Ashok Kumar Ladha, Mr. Om Prakash Lohia and Mr. Vishal Lohia. Mr. Ashok Kumar Ladha is the Chairperson of this Committee. The Stakeholders Relationship Committee met four times during the year 2015-16 on 30th June 2015, 30th September 2015, 31st December 2015 and 31st March 2016. Table 6 gives the details of attendance.

Table 6: Attendance record of the Stakeholders Relationship Committee for 2015-16.

| Name of Members | Category | Status | No. of Meetings | |
|-----------------------|----------------------|----------|-------------------|----------|
| | | | Held under tenure | Attended |
| Mr. Ashok Kumar Ladha | Independent Director | Chairman | 4 | 4 |
| Mr. Om Prakash Lohia | Executive Director | Member | 4 | 4 |
| Mr. Vishal Lohia | Executive Director | Member | 4 | 2 |

Terms of Reference

The Board has clearly defined the terms of reference for this committee, which generally meets quarterly. The Committee looks into the matters of shareholders/ Investors grievances.

The Secretarial Department of the Company and Registrar and share Transfer Agent, MCS Share Transfer Agent Limited, to attend all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

The Minutes of the Stakeholders Relationship Committee Meetings are circulated to the Board and noted by the Board of Directors at the Board Meetings. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the Investors. Shareholders are requested to furnish their updated telephone numbers and e-mail addresses to facilitate prompt action.

As on 31st March 2016, no investor complaint was pending with the Company as well as Registrar and Share Transfer Agent of the Company. Table 7 gives data on the Shareholders/Investors complaints received and redressed during the financial year 2015-16.

Table 7: Shareholders and Investors complaint received and redressed for 2015-16.

| Total Complaints Received | Total Complaints Redressed | Pending as on 31.03.2016 |
|---------------------------|----------------------------|--------------------------|
| 23 | 23 | Nil |

Mr. Jayantk Sood, Head-Corporate & Company Secretary is the Compliance Officer of the Company.

Banking and Finance Committee

The Banking and Finance Committee presently comprises of three Directors, viz.; Mr. Om Prakash Lohia, Mr. Ashok Kumar Ladha and Mr. Vishal Lohia. The Chairman of the Committee is appointed by a voice vote at each meeting and any two members present form a quorum. The Committee is authorised to decide and oversee matters relating to banking operations and to decide the investment strategy with regard to the available short term surplus funds with the Company as well as the borrowings from banks and financial institutions.

The Committee enjoys the delegation of the Board in matters relating to the borrowings/ placement of funds in normal and routine course of business and to change the signatories for availment of various facility from Banks/Financial Institutions, opening/modification of operation and closing of Bank accounts, grant of special/general Power of Attorney in favour of Employees of the Company from time to time in connection with the conduct of the business of the Company particularly with State/ Central Government and Quasi-Government, Bank/ Financial Institutions, etc., and to grant authority to execute and sign foreign exchange contract and derivative transactions and to carry out any other duties that may be delegated to the Committee by the Board of Directors from time to time.

The other terms of reference, inter-alia, include review of capital structure, financial policies, treasury and foreign exchange risk management. During the financial year 2015-16, the Banking and Finance Committee met 7 (seven) times on 18th May 2015, 14th August 2015, 9th September 2015, 22nd September 2015, 28th September 2015, 14th November 2015 and 6th January 2016.

Allotment and Share Transfer Committee

The Company has a Committee of Directors known as the "Share Allotment and Transfer Committee" to look into and decide matters pertaining to share allotment, transfers, duplicate share certificates and related matters. As on 31st March 2016, the Committee comprises of Mr. Om Prakash Lohia, Mr. Ashok Kumar Ladha and Mr. Vishal Lohia. The Chairman is appointed by a voice vote and quorum is any two members present. During 2015-16, the Share Allotment and Transfer Committee met 7 (seven) times on 18th May 2015, 6th July 2015, 23rd July 2015, 13th October 2015, 31st October 2015, 16th December 2015 and 25th January 2016.

Terms of Reference

The Board has clearly defined the terms of reference for this committee for looks into the matters of shareholders listed below:

- ▶ To approve transfer of shares and issue of duplicate/split/consolidation/sub-division/ allotment of share certificates;
- ▶ To note Dematerialisation / Rematerialisation of shares;
- ▶ To fix record date / closure of Share Transfer books of the Company from time to time;
- ▶ To appoint representatives to attend the General Meeting of other Companies in which the Company is holding shares.

Corporate Social Responsibility Committee

The "Corporate Social Responsibility Committee" (CSR Committee) was constituted and considering the requirements of the Companies Act, 2013 relating to constitution of a Corporate Social Responsibility Committee. The CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR projects or programmes, activities undertaken by the Company.

The Committee comprises of Mr. Om Prakash Lohia, Mr. Vishal Lohia and Dr. Arvind Pandalai*. Mr. Om Prakash Lohia is the Chairperson of this Committee. The Company Secretary acts as the Secretary to the CSR Committee. During the financial year 2015-16, one meeting of the CSR Committee was held on 18th May 2015 and all the Members were presented this meeting.

Upon resignation of Dr. Arvind Pandalai, the Committee reconstituted on 18th May 2016, comprises three members, viz: Mr. Om Prakash Lohia as Chairman, Mr. Vishal Lohia and Ms. Ranjana Agarwal as Members of the Committee.

Terms of Reference

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

- ▶ To review the existing CSR Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013;
- ▶ Recommend the amount of expenditure to be incurred on the CSR activities;
- ▶ Prepare a transparent monitoring mechanism for ensuring implementation of the project/programmes/activities proposed to be undertaken by the Company;

The Company formulated CSR Policy, which is available on the website of the Company.

Risk Management Committee

The Risk Management Committee Comprises of three Directors, viz.; Mr. Om Prakash Lohia , Mr. Vishal Lohia, Dr. Arvind Pandalai*. Mr. Om Prakash Lohia is the Chairman of the Risk Management Committee and others are members. The Company Secretary acts as the Secretary of the Committee.

Upon resignation of Dr. Arvind Pandalai, the Committee reconstituted on 18th May 2016, comprising Mr. Om Prakash Lohia as Chairman, Mr. Vishal Lohia and Ms. Ranjana Agarwal are Members of the Committee.

Subsidiary Companies

The Company does not have any material subsidiary as defined under Listing Regulation. However, the Company has formulated the material subsidiary policy and uploaded on the website of the Company.

The Company has one Subsidiary and three step-down subsidiaries as on 31st March 2016. All subsidiary companies are Board managed with their Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. The Company monitors performance of subsidiary Companies, inter-alia, by the following means:

- ▶ Financial statements, in particular the investments made by the unlisted subsidiary Companies, are reviewed quarterly by the Audit Committee of the Company.
- ▶ All minutes of Board meetings of the unlisted subsidiary Companies are placed before the Company's Board regularly.
- ▶ A statement containing all significant transactions and arrangements entered into by the unlisted subsidiary Companies is placed before the Company's Board.

Affirmations and Disclosures

a) Compliances with Governance Framework

The Company is in compliance with all mandatory requirements under Listing Regulations.

b) Related Party Transactions

All transactions entered into with the related parties as defined under the Companies Act, 2013 and Regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provisions of Section 188 of the Companies

Act, 2013. Related parties transactions have been disclosed under the Note No. 34 of significant accounting policies and notes forming part of the financial statements in accordance with "Accounting Standard 18". The statement in summary form of transactions with related parties in ordinary course of business and arm's length basis is periodically placed before the Audit committee for review and recommendation to the Board for their approval.

As required under Regulation 23(1) of the Listing Regulations, the Company has formulated a policy on materiality of related party transactions. The Policy is available on the website of the Company.

None of the transactions with related parties were conflict with the interest of the company. All the transactions are in the ordinary course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length or fair value basis.

c) The details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges or SEBI of any statutory authorities, on any matter related capital markets during the last three years

The Company has complied with all requirements specified under Listing Regulations as well as other regulations and guidelines of SEBI. Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

d) Vigil Mechanism / Whistle Blower Policy

The Company has established a Vigil Mechanism (Whistle Blower) Policy for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Vigil Mechanism shall provide adequate safeguards against victimization of Director(s) / Employee(s), who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. It is affirmed that no personnel has been denied access to the Audit Committee. The details of establishment of the vigil mechanism is available on the website of the Company.

e) Risk Management

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

f) Commodity price risks and Commodity hedging activities

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking inventory management and proactive vendor development practices. The Company's reputation for quality, products differentiation and service, coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods.

Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

Management Discussion and Analysis

This Annual Report has a detailed chapter on Management Discussion and Analysis.

General Body Meetings**Annual General Meeting**

The date, time and venue for Annual General Meetings for the last three years are given in Table 8 below.

Table 8: Details of General Meetings held during the last three years.

| Financial year | Meeting | Date | Time | Venue | Special Resolutions Passed |
|----------------|---------|-----------------|------------|---|--|
| 2014-15 | AGM | 30th July 2015 | 1:30 PM | A-31, MIDC Industrial Area Butibori Nagpur - 441122 Maharashtra | 1. To enter into Related Party Transactions; 2. Ratification of Cost Auditors Remuneration; and 3. To adopt new set of Articles of Association of the Company pursuant to the Companies Act, 2013. |
| 2013-14 | AGM | 1st August 2014 | 2:00 PM | A-31, MIDC Industrial Area Butibori Nagpur - 441122 Maharashtra | Appointment of Mr. Anant Kishore as Whole-time Director and CEO. |
| 2012-13 | AGM | 4th July 2013 | 12:00 Noon | A-31, MIDC Industrial Area Butibori Nagpur - 441122 Maharashtra | 1. Re-appointment and remuneration of Mr. Om Prakash Lohia as Chairman & Managing Director of the Company; 2. Re-appointment and remuneration of Mr. Vishal Lohia as Whole-time Director of the Company; and 3. Appointment and remuneration of Mr. Ashok Jagjivan Gupta as Whole-time Director & CEO of the Company, for 3 years, i.e., 30th January 2013 to 29th January 2016. |

Resolutions passed last year through Postal Ballot

Resolutions passed during the financial year 2015-16: Pursuant to Section 110 of the Companies Act, 2013, read with the Rule 22 of the Companies (Management and Administration) Rules, 2014, the Company had conducted the following voting through Postal Ballot (including Remote e-Voting) and sent the postal ballot form to the shareholders. The resolutions passed through postal ballot and voting pattern are given in Table 9 & 10 below.

Table 9: Details of resolutions passed through postal ballot for 2015-16:

| Last Date of Dispatch of Postal Ballot Forms | Items approved by the Shareholders | Date of passing of Resolution | Ordinary / Special Resolution |
|--|---|-------------------------------|-------------------------------|
| 30th May 2015 | a) Authorisation under Section 180(1)(c) of the Companies Act, 2013, for borrowing limits of the Company; b) Authorisation under Section 180(1)(a) of the Companies Act, 2013, for creation of charge / mortgage on the Assets of the Company; and c) Authorisation under Section 186 of the Companies Act, 2013 for authorisation for making investment, loans, guarantees and securities. | 2nd July 2015 | Special Resolutions |

Table 10: Details of Voting Pattern of the Special Resolutions passed through postal ballot for 2015-16.

| Particulars | Resolution 1 | | Resolution 2 | | Resolution 3 | |
|---|-------------------------|------------------------|-------------------------|------------------------|-------------------------|------------------------|
| | No. of PBF/ E-voting | No. of Shares Voted | No. of PBF/ E-voting | No. of Shares Voted | No. of PBF/ E-voting | No. of Shares Voted |
| Postal Ballot Form (PBF) received | 85 | 32,355 | 85 | 32,355 | 85 | 32,355 |
| e-Voting Confirmations | 80 | 10,20,33,806 | 79 | 10,20,33,799 | 80 | 10,20,33,706 |
| Total | 165 | 10,20,66,161 | 164 | 10,20,66,154 | 165 | 10,20,66,061 |
| Less: Invalid Postal Ballot Form / e-Voting Confirmations | 6 | 1,120 | 6 | 1,120 | 6 | 1,120 |
| Net valid Postal Ballot Forms / e-Voting for the Resolutions | 159 | 10,20,65,041 | 158 | 10,20,65,034 | 159 | 10,20,64,941 |
| Postal Ballot Forms/e-Voting cast in favour for the Resolution | 138 | 10,20,49,434 | 137 | 10,20,49,526 | 140 | 10,20,50,455 |
| Postal Ballot Forms/e-Voting cast against for the Resolution | 21 | 15,607 | 21 | 15,508 | 19 | 14,486 |

Ms. Rachna Aggarwal, Practicing Company Secretary, was appointed as the Scrutinizer to conduct the postal ballot exercise in a fair and transparent manner.

As on the date of this report, your Company doesn't propose to pass any Special Resolution for the time being by way of Postal Ballot.

Procedure for Postal Ballot: Where a Company is required or decides to pass any resolution by way of postal ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot because postal ballot means voting by post or through electronic means within a period of thirty days from the date of dispatch of the notice. Your Company has followed the aforesaid procedure stipulated in the Companies Act, 2013 and has carried out Postal Ballot for the items mentioned above.

e-Voting

To widen the participation of shareholders in the Company decisions pursuant to provisions of Section 108 of Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, the Company has provided e-Voting facility to its shareholders, in respect of all shareholder's resolutions to be passed at general meeting.

CEO / CFO Certification

The Chairman and Managing Director (as the CEO of the Company) and Chief Financial Officer (CFO) of the Company have certified to the Board of Directors the accuracy of financial statements and adequacy of internal controls for financial reporting purposes, as required under the Listing Regulations, for the year ended 31st March 2016.

Shareholders

Appointment / Re-appointment of Directors

Mr. Mohan Lal Lohia is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Brief resume of Director, nature of their expertise in special functional areas and Company names in which they hold Directorships, Memberships/ Chairmanships of Board Committees and shareholding in the Company are given in the notice of the 30th Annual General Meeting.

Compliance

Mandatory Requirements

The Company is fully compliant with the applicable mandatory requirements of the Listing Regulations.

Adoption of Non-Mandatory Requirements

Separate posts of Chairman and CEO: The Company has appointed separate persons to the post of Chairman and CEO.

Reporting of Internal Auditor: The Internal Auditors of the Company report directly to the Audit Committee.

Auditor's Certificate on Corporate Governance

The Company has obtained a Certificate from the Company Secretary in Practice regarding compliance of conditions of corporate governance, as mandated in Listing Regulations. The certificate is annexed to this Report.

Means of Communication

Quarterly results: The Company's quarterly results are published in "The Financial Express", "Business Standard" and "Nagpur Post" in English Language and "Loksatta", "Punya Nagari" and "Mahasagar" in Marathi Language and are displayed on its website. Hence, these are not separately sent to individual shareholders. The Company, however, furnishes the quarterly and half-yearly results on receipt of a request from any shareholder.

As per Regulation 47(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an extract of the detailed format of Quarterly/Annual Financial Results filed with

the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are published in the News Papers from the quarter ended 31st December 2015. The full formats of the Quarterly/Annual Financial Results are also available on the Company's website and Stock Exchange websites, www.bseindia.com and www.nsesindia.com.

News releases, presentations, among others: Official news releases and official media releases are sent to the Stock Exchanges.

Annual Report: The Annual Report containing, inter-alia, Audited Financial Statements, Consolidated Financial Statements, Board's Report, Auditors' Report and other important information is circulated to the members and others entitled thereto. The Management's Discussion and Analysis (MDA) Report forms part of the Annual Report and is displayed on the Company's website.

NSE Electronic Application Processing System (NEAPS): The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Media Releases, Audited/Un-audited Financial Results are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the "Listing Centre"): BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Media Releases, Audited/Un-audited Financial Results are also filed electronically on the Listing Centre and Shareholding Pattern and Corporate Governance Report are filed through XBRL (eXtensible Business Reporting Language) from the quarter ended 31st December 2015.

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Designated Exclusive email-id: The Company has designated the following email-id exclusively for investor servicing: investor-relations@jindorama-ind.com

General Shareholder Information

Registered Office / Registration Details

The Company's Registered Office situated at A-31, MIDC Industrial Area, Butibori, Nagpur-441122, Maharashtra. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L17124MH1986PLC166615.

Annual General Meeting

(Day, Date, Time and Venue)

Friday, 30th September 2016 at 1:30 PM

A-31, MIDC Industrial Area, Butibori, Nagpur-441122, Maharashtra.

Financial Year

1st April to 31st March

Financial Calendar, 2016-17 (tentative)

| | |
|--|--------------------------------|
| 1st Quarter Results | 1st /2nd Week of August 2016 |
| 2nd Quarter Results | 1st /2nd Week of November 2016 |
| 3rd Quarter Results | 1st /2nd Week of February 2017 |
| Audited Annual Accounts for the year ended 31st March 2017 | 3rd /4th Week of April 2017 |
| Annual General Meeting | August, 2017 |

Date of Book Closure

Friday, 23rd September 2016 to Friday, 30th September 2016 (both days inclusive) for payment of Dividend.

Dividend Payment Date

Subject to requisite approvals, Credit/dispatch of dividend warrants will be done between 24th October 2016 to 29th October 2016.

Listing on Stock Exchange and Stock Codes

Equity Shares of Indo Rama Synthetics (India) Limited is listed on the following Stock Exchanges:

i) BSE Limited (BSE)

P. J. Towers, 1st Floor, Dalal Street, Mumbai-400 001

Tel.: +91 22 22721233-34

Fax: +91 22 22721919

Email: corp.relations@qbseindia.com

ii) National Stock Exchange of India Ltd. (NSE)

Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai-400 051

Tel.: +91 22 26598100-14

Fax: +91 22 26598120

Email: cm1ist@nse.co.in

The stock codes of the Company are as follows:

- ▶ BSE Limited : 500207
- ▶ National Stock Exchange of India Ltd. : INDORAMA

The ISIN number for Equity Shares of the Company on both the NSDL and CDSL is **INE 156A 01020**.

All listing and custodial fees to the Stock Exchanges and Depositories for the financial year 2016-17 have been paid to the respective institutions.

Listing of GDRs

The Company's GDRs, each comprising eight underlying shares of the Company, are listed with Luxembourg Stock Exchange at Societe de la Bourse de Luxembourg, 11, Avenue de la Porte - Neuve, L-2227 Luxembourg.

1,286,320 GDRs were outstanding as on 31st March 2016, representing 10,290,560 Equity Shares of ₹ 10/- each, constituting 6.78% of the share capital of the Company. The Company has already issued the underlying shares for GDRs which are held by the Depository, namely, The Bank of New York Mellon.

There are no convertible instruments which could result in increasing the equity capital of the Company.

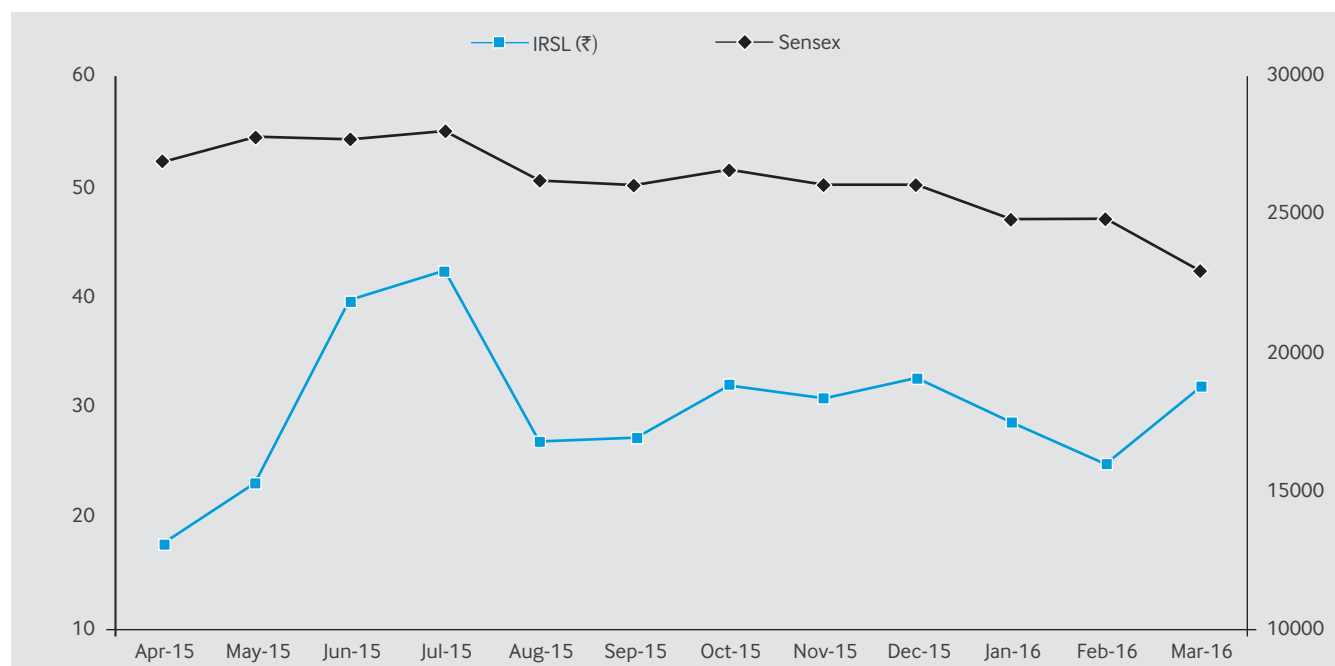
Stock Market Price Data

Table 11 below gives the monthly high and low prices of Indo Rama Synthetics (India) Limited equity shares at BSE Limited (BSE), the National Stock Exchange of India Limited (NSE) for the financial year 2015-16.

Table 11 : Monthly High and Low quotations of shares traded at the BSE and NSE.

| Month | BSE Limited (BSE) | | National Stock Exchange of India Ltd. (NSE) | |
|----------------|-------------------|---------|---|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April 2015 | 22.10 | 17.75 | 21.95 | 17.65 |
| May 2015 | 26.30 | 17.20 | 26.30 | 17.05 |
| June 2015 | 40.80 | 22.35 | 41.35 | 22.25 |
| July 2015 | 49.80 | 35.95 | 50.20 | 36.30 |
| August 2015 | 49.15 | 26.60 | 49.15 | 26.65 |
| September 2015 | 28.85 | 24.60 | 28.75 | 24.25 |
| October 2015 | 35.10 | 26.50 | 35.45 | 24.40 |
| November 2015 | 32.95 | 25.20 | 33.45 | 25.30 |
| December 2015 | 33.15 | 27.40 | 34.50 | 27.35 |
| January 2016 | 38.15 | 24.50 | 38.30 | 24.55 |
| February 2016 | 31.70 | 24.45 | 31.80 | 24.40 |
| March 2016 | 33.65 | 25.20 | 33.60 | 24.50 |

Chart A: Share prices of Indo Rama versus BSE Sensex for the year ended 31st March 2016.



Note: Based on monthly closing share price on BSE (April, 2015 to March, 2016)

Registrar and Share Transfer Agent

MCS Share Transfer Agent Limited
F-65, First Floor, Okhla Industrial Area, Phase-1
New Delhi - 110 020.
Tel. No.: +91-11-4140 6149-52, Fax No.: +91-11-4170 9881
E-mail : helpdeskdelhi@mcstransfers.com / admin@mcstransfers.com

Share Transfer System

The transfer of shares in physical form is processed and completed by Registrar and Share Transfer Agent within a period of fifteen days from the date of receipt thereof provided all the documents are in order. In case of shares in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) through respective Depository Participants.

Table 12 below gives the position of shares held in electronic form as on 31st March 2016.

Table 12: Status of Dematerialisation as on 31st March 2016.

| | | |
|-----------------------------------|-------------|----------------------------------|
| No. of Shares Dematerialized | 150,941,981 | 99.42% of total share capital |
| No. of shareholders in Demat Form | 15,331 | 72.47% of the total shareholders |

Reconciliation of Share Capital Audit

As stipulated by SEBI, a qualified Company Secretary in practice conducts the Reconciliation of Share Capital Audit of the Company for the purpose of reconciliation of total admitted capital with the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), and the total issued and listed capital of the Company.

The Company Secretary in practice conducts such audit in every quarter and issues a Reconciliation of Share Capital Audit Certificate

to this effect to the Company. A copy of such audit report is submitted to the stock exchanges, where the Company's shares are listed and is also placed before the Board.

Electronic Clearing Service (ECS) Mandate

All the shareholders are requested to update their bank account details with their respective depositories urgently. This would facilitate transfer of dividend directly to the bank account of the shareholders.

Service of documents through Electronic Mode

As a part of Green Initiatives, the members who wish to receive the notice/documents through e-mail, may kindly intimate their e-mail address to the Company's Registrar and Share Transfer Agent, MCS Share Transfer Agent Limited.

Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

During the year under review, the Company has credited ₹ 5,40,690/- to the Investor Education and Protection Fund (IEPF) pursuant to Section 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 30th July 2015 (date of 29th Annual General Meeting) on the Company's website and on the website of the IEPF, viz.; www.iepf.gov.in

Pursuant to Section 125 of the Companies Act, 2013, Table 13 below details the dates of declaration of Dividend and corresponding dates when unclaimed dividends are due for transfer to Investor Education and Protection Fund (IEPF).

Table 13: Dates of dividend declaration and corresponding dates when unclaimed dividends are due for transfer to IEPF.

| Financial Year | Whether Interim / Final | Date of declaration of Dividend | Last date for transfer to IEPF |
|----------------|-------------------------|---------------------------------|--------------------------------|
| 2010-11 | Interim | 14th February 2011 | 13th March 2018 |
| 2010-11 | Final | 14th July 2011 | 13th August 2018 |
| 2011-12 | Final | 21st June 2012 | 20th July 2019 |
| 2012-13 | Final | 4th July 2013 | 3rd August 2020 |
| 2013-14 | Final | 1st August 2014 | 31st August 2021 |
| 2014-15 | Final | 30th July 2015 | 29th August 2022 |

Shareholders who have not so far en-cashed their dividend warrant(s) or have not received the same are requested to seek issue of duplicate warrant(s) by writing to the Company confirming non-encashment/non-receipt of dividend warrant(s).

Shareholding Pattern and Distribution of Shareholding as on 31st March 2016.

Tables 14 and 15 give the pattern of shareholding by ownership and share class respectively.

Table 14 : Pattern of shareholding by ownership as on 31st March 2016.

| | No. of Equity Shares | Shareholding (%) |
|--|----------------------|------------------|
| A. PROMOTERS' HOLDING | 101,911,551 | 67.13 |
| B. NON-PROMOTERS' HOLDING | | |
| a) Banks, Financial Institutions, Insurance Companies, Central / State Govt. Institutions, Non-government Institutions | 6,177,162 | 4.07 |
| b) Foreign Institutional Investors (FIIs) | 14,172,979 | 9.33 |
| c) Foreign Direct Investment (FDI) | - | - |
| d) Mutual Funds (including UTI) | 10,556 | 0.01 |
| e) Private Corporate Bodies | 2,879,211 | 1.90 |
| f) Indian Public | 14,725,906 | 9.70 |
| g) NRIs / OCBs | 16,54,317 | 1.08 |
| h) Shares held by custodians against which Depository Receipts have been issued | 10,290,560 | 6.78 |
| Grand Total | 151,822,242 | 100.00 |

Table 15: Pattern of shareholding by share class as on 31st March 2016.

| Shareholding class | Number of shareholders | Number of shares held | Shareholding % |
|--------------------|------------------------|-----------------------|----------------|
| Up to 500 | 17,305 | 2,658,413 | 1.75 |
| 501 to 1,000 | 1,905 | 1,545,018 | 1.02 |
| 1,001 to 5,000 | 1,466 | 3,398,764 | 2.24 |
| 5,001 to 10,000 | 226 | 1,745,089 | 1.15 |
| 10,001 to 50,000 | 186 | 4,060,932 | 2.67 |
| 50,001 to 100,000 | 28 | 2,084,450 | 1.37 |
| 100,001 and above | 39 | 1,36,329,576 | 89.80 |
| Total | 21,155 | 151,822,242 | 100.00 |

Web link for various documents/policies

The Company's website contains a separate dedicated section "Investor Relations", where shareholders' information is available and Table 16 give the documents/information are linked with the website of the Company, i.e, www.indoramaindia.com.

Table 16: Documents/information are linked with the website of the Company.

| Particulars | Web link |
|---|---|
| Familiarization programmes for Independent Directors | http://www.indoramaindia.com/policies.php |
| Code of conduct for Directors and Senior Management | http://www.indoramaindia.com/code_of_conduct.php |
| Code of Practices and Procedures for Fair Disclosure of UPSI | http://www.indoramaindia.com/policies.php |
| Nomination and Remuneration Policy | http://www.indoramaindia.com/policies.php |
| CSR Policy | http://www.indoramaindia.com/policies.php |
| Policy for determining "material" subsidiaries | http://www.indoramaindia.com/policies.php |
| Policy on dealing with related party transactions | http://www.indoramaindia.com/policies.php |
| Whistle Blower Policy / Vigil Mechanism | http://www.indoramaindia.com/policies.php |
| Quarterly/Annual Financial Results | http://www.indoramaindia.com/financial_results.php |
| Annual Report | http://www.indoramaindia.com/annual_reports.php |
| Unpaid and Unclaimed Dividend Amount | http://www.indoramaindia.com/dividend_amount.php |
| Code for Independent Directors | http://www.indoramaindia.com/policies.php |
| Policy on Archival of documents | http://www.indoramaindia.com/policies.php |
| Policy for Preservation of documents | http://www.indoramaindia.com/policies.php |
| Contact details of KMP | http://www.indoramaindia.com/policies.php |
| Policy on determination of Materiality of Events or Information | http://www.indoramaindia.com/policies.php |

REPORT ON CORPORATE GOVERNANCE

| Particulars | Web link |
|---|---|
| Fair Disclosure Code | http://www.indoramaindia.com/policies.php |
| Code of Conduct for Internal Procedures | http://www.indoramaindia.com/policies.php |
| Policy on Preservation on Sexual Harassment | http://www.indoramaindia.com/policies.php |
| Risk Management Policy | http://www.indoramaindia.com/policies.php |
| Performance Evaluation Policy | http://www.indoramaindia.com/policies.php |
| Policy on Diversity of Board of Directors | http://www.indoramaindia.com/policies.php |

Plant Location

The Company has its manufacturing and operating complex at:
A-31, MIDC Industrial Area, Butibori, Nagpur-441 122
Maharashtra, India
Tel. : +91-7104-663000-01
Fax. : +91-7104-663200

Compliance Officer for Investor Redressal

Mr. Jayantk Sood
Head-Corporate & Company Secretary
Indo Rama Synthetics (India) Limited
20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002
Tel No. +91-124-4997000; Fax: +91-124-4997070
E-mail ID: investor-relations@indorama-ind.com

Address for Correspondence

| Registered Office | Corporate Office | Registrar & Share Transfer Agent |
|--------------------------------------|---|---|
| Indo Rama Synthetics (India) Limited | Indo Rama Synthetics (India) Limited | MCS Share Transfer Agent Limited |
| A-31, MIDC, Industrial Area | 20th Floor, DLF Square | F-65, First Floor |
| Butibori, Nagpur-441122 | DLF Phase - II, NH-8 | Okhla Industrial Area, Phase-1 |
| Maharashtra, India | Gurgaon-122 002, Haryana, India. | New Delhi-110 020, India |
| Tel. No.:+91-7104-663000-01 | Tel. No.:+91-124-4997000 | Tel. No.:+91-11-4140 6149-52 |
| Fax No.: +91-7104-663200 | Fax No.: +91-124-4997070 | Fax No.:+91-11-4170 9881 |
| Website: www.indoramaindia.com | E-Mail: investor-relations@indorama-ind.com | E-mail: helpdeskdelhi@mcsregistrars.com |

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:

| National Securities Depository Ltd. | Central Depository Services (India) Ltd. |
|--|--|
| 4th Floor, 'A' Wing, Trade World | Phiroze Jeejeebhoy Towers |
| Kamala Mills Compound, Senapati Bapat Marg | 17th Floor, Dalal Street, Fort |
| Lower Parel, Mumbai-400013 | Mumbai-400001 |
| Telephone : +91-22-24994200 | Telephone : +91-22-22723333 |
| Fax : +91-22-24976351 | Fax : +91-22-22723199 |
| E-mail : info@nsdl.co.in | E-mail : investors@cdslindia.com |
| Website : www.nsdl.co.in | Website : www.cdslindia.com |

* Dr. Arvind Pandalai, Independent Director, has resigned from the Directorship of the Company with effect from 20th February 2016.

Declaration regarding Code of Conduct

As provided under Listing Regulations, all Board Members and Senior Management have affirmed Compliance with the Code of Conduct for the financial year 2015-16.

Place: Gurgaon
Date: 18th May 2016

Om Prakash Lohia
Chairman and Managing Director
(DIN: 00206807)

Practicing Company Secretary Certificate on Corporate Governance Report

To
The Members,
Indo Rama Synthetics (India) Limited

I have examined the compliance of regulations of Corporate Governance by Indo Rama Synthetics (India) Limited for the year ended 31st March 2016 (review period), as stipulated in Clause 49 of the Listing Agreement (upto 30th November 2015) Para-C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f. 1st December 2015) ("Listing Regulations").

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

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations, however during the review period, one of the Independent Director has resigned from his office w.e.f. 20th February 2016.

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

Place: New Delhi
Date: 18th May 2016

Prachi Jain
Practising Company Secretary
Certificate of Practice No.15464

CEO & CFO Certificate

To
The Board of Directors
Indo Rama Synthetics (India) Limited
CIN: L17124MH1986PLC166615
20th Floor, DLF Square
DLF Phase-II, NH-8
Gurgaon -122 002

We, Om Prakash Lohia (DIN 00206807), Chairman & Managing Director and Sanjeev Aggarwal (ICAI M. No. 089369), President and Chief Financial Officer of Indo Rama Synthetics (India) Limited, certify that:

We have reviewed the Financial Statements and the Cash Flow Statement of Indo Rama Synthetics (India) Limited ("The Company") for the year ended 31st March 2016, and that to the best of our knowledge and belief:

- A. That they have reviewed the Financial Statements and the Cash Flow Statement for the year and that to the best of their knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- B. There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct;
- C. They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies;
- D. They have indicated to the Auditors and the Audit Committee -
 - (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Gurgaon
Date: 18th May 2016

Om Prakash Lohia
Chairman and Managing Director
(DIN: 00206807)

Sanjeev Aggarwal
President and Chief Financial Officer
(ICAI Membership No.: 089369)

Board's Report



₹ 55.78 crore

Our net profit for the year was of ₹ 55.78 crore against net loss of ₹ 21.74 crore in the financial year 2014-15.

Dear Members,

On behalf of the Board of Directors of your Company, we share with you the 30th Annual Report along with the Audited Financial Statements of your Company for the year ended 31st March 2016. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

1. Financial Highlights

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

| Particulars | (₹ In Crores) | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Standalone | | Consolidated* | |
| | Year ended | | Year ended | |
| | 31st March 2016 | 31st March 2015 | 31st March 2016 | 31st March 2015 |
| Net Sales, Operating and Other Income | 2,566.53 | 2,771.19 | 2,566.54 | 2,771.13 |
| Profit before Other Income, Financial Costs, Depreciation, Exceptional items and Tax (Operational EBITDA) | 93.41 | 122.44 | 93.23 | 122.37 |
| Other Income | 30.88 | 9.81 | 30.88 | 9.67 |
| Profit before Financial Cost, Depreciation, Exceptional items and Tax (EBIDTA) | 124.29 | 132.25 | 124.11 | 132.04 |
| Finance Costs | 51.66 | 43.38 | 51.66 | 43.38 |
| Profit before Depreciation, Exceptional items and Tax (EBDTA) | 72.63 | 88.87 | 72.45 | 88.66 |
| Depreciation | 77.76 | 117.16 | 77.80 | 117.16 |
| Profit/(Loss) before Exceptional items and Tax | (5.13) | (28.29) | (5.35) | (28.50) |
| Exceptional Items: | | | | |
| - Foreign exchange fluctuations Income/ (expenses) | (23.62) | 15.02 | (23.62) | 15.02 |
| - Loss on account of write down on inventories | (26.68) | (20.75) | (26.68) | (20.75) |
| - Others | (4.23) | - | (4.23) | - |
| Profit / (Loss) before Tax | (59.66) | (34.02) | (59.88) | (34.23) |
| Tax (Credit) / Charge | (115.66) | (12.49) | (115.66) | (12.49) |
| Profit / (Loss) after Tax | 56.00 | (21.53) | 55.78 | (21.74) |
| Profit brought forward from previous year | 142.45 | 182.25 | 136.92 | 175.88 |
| Profits available for Appropriation | 198.45 | 160.72 | 193.06 | 155.19 |

(₹ In Crores)

| Particulars | Standalone | | Consolidated* | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | Year ended | | Year ended | |
| | 31st March 2016 | 31st March 2015 | 31st March 2016 | 31st March 2015 |
| Appropriations : | | | | |
| Proposed Dividend on Equity Shares | 15.18 | 15.18 | 15.18 | 15.18 |
| Corporate Tax on Proposed Dividend | 3.09 | 3.09 | 3.09 | 3.09 |
| Transfer to General Reserve | - | - | - | - |
| Surplus carried to Balance Sheet | 180.18 | 142.45 | 174.79 | 136.92 |
| Total Appropriation | 18.27 | 18.27 | 18.27 | 18.27 |

* Includes continuing operations.

2. Operational and Financial Review

On standalone basis, during the financial year 2015-16, we achieved ₹ 2,464.75 crore turnover (₹ 2,708.90 crore in 2014-15), on account of focused marketing efforts and better outreach to customers nationally and internationally. Our net profit for the year was of ₹ 56.00 crore against net loss of ₹ 21.53 crore in the financial year 2014-15. Our earnings per share stood at ₹ 3.69 and book value per share at ₹ 38.97 as on 31st March 2016.

On consolidated basis, during the financial year 2015-16, we achieved ₹ 2,464.75 crore turnover (₹ 2,708.90 crore in 2014-15), on account of focused marketing efforts and better outreach to customers nationally and internationally. Our net profit for the year was of ₹ 55.78 crore against net loss of ₹ 21.74 crore in the financial year 2014-15. Our earnings per share stood at ₹ 3.67 and book value per share at ₹ 38.61 as on 31st March 2016.

Your Company focused on widening product basket, expanding market reach, cost optimisation, growing portfolio of specialty products and elevating people potential. As a result, your Company has creating a more robust business model.

The demand for man-made fibres is showing signs of improvement and we are hopeful that the demand for polyester will see revival. Polyester demand will be driven by its growing relevance in daily life across home textiles, apparel, automotive, furnishing fabrics, technical textile and non-woven segments.

Moving ahead, with rising demand in the domestic and international markets, we are hopeful that we will be able to enhance our production capacity and grow business volumes and value-added products.

3. Dividend and Reserves

Your Directors are pleased to recommend a dividend of ₹ 1 (i.e., 10%) per equity share (Last year ₹ 1 per equity share) of the face value of ₹ 10/- each for the year ended 31st March 2016, aggregating to ₹ 18.27 Crore (including Dividend Distribution Tax), and is as per the financial needs of the business. The dividend payout is subject to approval of the shareholders at the ensuing 30th Annual General Meeting.

The dividend will be paid to the members, whose names appear in the Register of Members as on 23rd September 2016 and in respect of shares held in dematerialised form, it will be paid to members, whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

During the year under review, no amount from Profit was transferred to General Reserve.

4. Change in the Nature of Business

There was no change in the nature of the business of the Company and its subsidiaries during the year.

5. Material Changes and Commitments

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year as on 31st March 2016 and the date of this report, i.e., 31st August 2016.



ON CONSOLIDATED BASIS, DURING THE FINANCIAL YEAR 2015-16, WE ACHIEVED ₹ 2,464.75 CRORE TURNOVER ON ACCOUNT OF FOCUSED MARKETING EFFORTS AND BETTER OUTREACH TO CUSTOMERS NATIONALLY AND INTERNATIONALLY.

6. Committees of the Board

The Board of Directors has the following Committees:

- i) Audit Committee;
- ii) Nomination and Remuneration Committee;
- iii) Stakeholders Relationship Committee;
- iv) Banking and Finance Committee;
- v) Allotment and Share Transfer Committee;
- vi) Corporate Social Responsibility Committee; and
- vii) Risk Management Committee.

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

7. Number of Meetings of the Board

Your Company during the financial year 2015-16 has convened and held four (4) Board Meetings. The details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

8. Directors and Key Managerial Personnel

Pursuant to the provisions of Section 149 of the Companies Act, 2013, Mr. Ashok Kumar Ladha, Mr. Suman Jyoti Khaitan, Dr. Arvind Pandalai* were appointed as Independent Directors at the 28th Annual General Meeting of the Company held on 1st August 2014 and Ms. Ranjana Agarwal was appointed as Woman Independent Director at the 29th Annual General Meeting of the Company held on 30th July 2015. They have submitted a declaration that each of them meets the criteria of Independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent Directors during the financial year 2015-16. The Appointment and Tenure of the Independent Directors, including code for Independent Directors are available on the website of the Company, www.indoramaindia.com.

Mr. Anant Kishore was appointed as Whole-time Director and CEO of the Company from 8th August 2013 to 7th August 2016, for a period of three years and he has completed his tenure as Director on the Board of the Company on 7th August 2016. Henceforth we will continue to act as CEO of the Company.

Mr. Mohan Lal Lohia, Director of the Company, retire by rotation at the ensuing 30th Annual General Meeting and, being eligible, offers himself for re-appointment.

The details of proposal for appointment/re-appointment of Director is mentioned in the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 of the Notice of the ensuing 30th

Annual General Meeting of the Company scheduled to be held on 30th September 2016.

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fee for the purpose of attending the meetings of the Board and Committees at the Board.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company are Mr. Sanjeev Aggarwal, President & CFO, Mr. Anant Kishore, CEO and Mr. Jayantk Sood, Head-Corporate and Company Secretary. There has been no change in the Key Managerial Personnel during the financial year 2015-16.

9. Policy on Directors' Appointment and Remuneration

The Board has, on the recommendation of the Nomination and Remuneration Committee, laid down a Nomination and Remuneration Policy for selection and appointment of the Directors, Key Managerial Personnel and their remuneration. The Committee comprises of three Members, viz; Mr. Ashok Kumar Ladha as Chairman, Mr. Suman Jyoti Khaitan, Dr. Arvind Pandalai* as Members. The Committee reviews and recommend to the Board for remuneration of the Directors and Key Managerial Personnel. The details of terms of reference of Nomination and Remuneration Committee, number and dates of meetings held, attendance of the directors and remunerations paid to them and the brief outline of the Remuneration Policy of the Company are given separately in the attached Corporate Governance Report.

The Company does not pay any remuneration to the Non-Executive/Independent Directors of the Company other than sitting fee for attending the meetings of the Board and Committees of the Board. The Executive Director(s) do not take any sitting fee for attending such meetings. The Remuneration to the Executive Directors including Chairman & Managing Director and Whole-time Director is governed by the recommendation of Nomination and Remuneration Committee, Resolutions passed by the Board of Directors and shareholders of the Company at the General Meetings and such other approvals pursuant to the provisions of the Companies Act, 2013. The Company has displayed the Nomination and Remuneration Policy on its website, www.indoramaindia.com.

10. Directors' Identification Number (DIN)

The following are the Directors Identification Number (DIN) of your Directors:

| Name | DIN | Name | DIN |
|-----------------------|----------|-------------------------|----------|
| Mr. Mohan Lal Lohia | 00918397 | Dr. Arvind Pandalai* | 00352809 |
| Mr. Om Prakash Lohia | 00206807 | Mr. Suman Jyoti Khaitan | 00023370 |
| Mr. Vishal Lohia | 00206458 | Mr. Anant Kishore | 05262142 |
| Mr. Ashok Kumar Ladha | 00089360 | Ms. Ranjana Agarwal | 03340032 |

11. Directors' Responsibility Statement

Pursuant to the Section 134 (3) (c) read with Section 134(5) of the Companies Act, 2013, to the best of your Director's knowledge and ability and confirm that:

- (a) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (b) they have 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 as on 31st March 2016 and the Profit and Loss of the Company for that year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they 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) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and external consultants, including audit of Internal Financial Controls over financial reporting by the Statutory Auditors and the reviews performed by the Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's Internal Financial Controls were adequate and effective during the financial year 2015-16.

12. Declaration by Independent Directors

Declaration given by Independent Directors meeting the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 is received and taken on record.

13. Board Annual Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements), Regulations 2015 ("SEBI Listing Regulations"), the Board is required to carry out annual evaluation of its own performance and that of its committees and individual Directors. The Nomination and Remuneration Committee of the Board is also required to carry out evaluation of every Director's performance. Accordingly, your Company has carried out the performance evaluation during the year under review.

For annual performance evaluation of the Board as a whole, its Committee(s) and individual Directors including the Chairman of the Board, the Company has formulated a questionnaire to assist in evaluation of the performance. The tool takes the form of a series of assertions/questions which should be awarded a rating on a scale of 1 to 3 by all individual Directors. Every Director has to fill the questionnaire related to the performance of the Board, its Committees and individual Directors except himself.

On the basis of the response to the questionnaire, a matrix reflecting the ratings was formulated and placed before the Board for annual evaluation by the Board of its own performance and that of its Committees and Individual Directors. The Board was satisfied of the evaluation results.

14. Separate Meeting of Independent Directors

In terms of the requirements under Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the Listing Regulations, a separate meeting of the Independent Directors was held on 21st November 2015. The Independent Directors at the meeting, inter-alia, reviewed the following:-

- ▶ Performance of Non-Independent Directors and Board as a whole;
- ▶ Performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and
- ▶ 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.

15. Familiarization program for independent directors

The familiarization programmes to Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business mode of the Company and related matters are put up on the website of the Company, www.indoramaindia.com.

16. Particulars of Employees

Your Company considers people as its biggest assets and believing in people's at the heart of its human resource strategy. The Statement of Disclosure of remuneration paid to the Directors and Senior Management including Key Managerial Personnel is as per the

Nomination and Remuneration Policy adopted by the Company, pursuant to Section 134(3) (e) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration set out in the said rules are provided in the Annual Report and disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report of the Key Managerial Personnel and other Employees for the year ended 31st March 2016 are annexed to this report.

17. Policy on Prevention of Sexual Harassment

The Company has a Policy on "Prevention of Sexual Harassment of Women at Workplace" and matters connected therewith or incidental thereto covering all the aspects as contain under "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013"

The Policy of the "Prevention of Sexual Harassment of Women at Workplace" of the Company is available on the website of the Company, www.indoramaindia.com.

18. Audit Committee

The Audit Committee of the Board of Directors of the Company consisting of four members, Mr. Ashok Kumar Ladha as Chairman and Mr. Vishal Lohia, Mr. Suman Jyoti Khaitan and Dr. Arvind Pandalai* as Members. The Company Secretary is the Secretary of the Committee. The Managing Director, Chief Financial Officer and Auditors are permanent invitees to the committee meetings. The details of terms of reference of Audit Committee, number and dates of meetings held, attendance of the directors and remunerations paid to them are given separately in the attached Corporate Governance Report. During the year, there were no instances where the board had not accepted the recommendations of the Audit Committee.

Upon resignation of Dr. Arvind Pandalai, the Audit Committee re-constituted on 18th May 2016 consisting Mr. Ashok Kumar Ladha as Chairman and Mr. Vishal Lohia, Mr. Suman Jyoti Khaitan and Ms. Ranjana Aggarwal as Members.

19. Vigil Mechanism / Whistle Blower

Your Company has a Vigil Mechanism/Whistle Blower Policy, pursuant to the provisions of the Companies Act, 2013, for the Directors and Employees to report their genuine concerns or grievances. The Chairman of the Audit Committee, Mr. Ashok Kumar Ladha, will oversee the Vigil Mechanism and to ensure that

adequate safeguards are provided to persons against victimization and protected disclosures can also be reported orally by leaving voice mail on toll free number, i.e., 18001035679. The details of the Vigil Mechanism Policy is explained in the Corporate Governance Report and also posted on the website of the Company, www.indoramaindia.com.

20. Credit Rating

The Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by CARE Ratings, CARE BBB- (Triple B Minus).

21. Subsidiary Companies

The Company has one Subsidiary and three step-down subsidiaries as on 31st March 2016. There are no Associate Companies or Joint Venture companies within the meaning of Section 2(6) of the Companies Act, 2013. There has been no material change in the nature of the business of the subsidiaries.

Out of three step-down subsidiaries, one step-down subsidiary Company has been disposed-off to the Tata Power Renewable Energy Limited on 19th May 2016.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, the statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statement of the Company.

Further, pursuant to the provisions of Section 136 of the Companies Act, 2013, the financial statement of the Company, consolidated financial statement along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company.

22. Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed as **Annexure - 1** to this report.

23. Statutory Auditors

M/s B S R and Associates, Chartered Accountants (ICAI Firm Registration No. 128901W), were appointed as Statutory Auditors of the Company at the 28th Annual General Meeting of the Company held on 1st August 2014, who shall hold office till the conclusion of 31st Annual General Meeting of the Company in accordance with the provisions of the Companies Act, 2013. However, this appointment was subject to ratification by the members at every Annual General Meeting held after appointment during their tenure of office. The Auditors have confirmed their eligibility and qualification under Section 141 of Companies Act 2013 and therefore, their ratification for appointment as Statutory Auditors for the year 2016-17 is being sought from the Members of the Company at the 30th Annual

General Meeting. As regards the comments in the Auditors' Report, the relevant notes in the Accounts are self-explanatory and may be treated as information/explanation submitted by the Board as contemplated under provisions of the Companies Act, 2013.

With regard to the observations made by the Auditors' in paragraph 4 of the Standalone and Consolidated Independent Auditors' Report, we would like to inform that:

The Company is of the view on the basis of legal advice that the amounts recognized are fully recoverable.

24. Cost Auditors

Your Company pursuant to a directive of the Central Government is required to conduct cost audit records in respect of its Polyester Operations every year until further notice and as per Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audits) Rules, 2014 as amended and on the recommendation of the Audit Committee, the Board of Directors were appointed M/s Balaji & Associates, Cost Accountants, (Firm Registration No.000112), to carry out the cost audit records maintained by the Company for the financial year 2015-16.

The Company has received consent from M/s Balaji & Associates, Cost Accountants, for re-appointment as Cost Auditors for the financial year 2016-17 in accordance with the applicable provisions of the Companies Act, 2013 and Rules framed thereunder. The remuneration of Cost Auditors has been approved by the Board of Directors on the recommendation of the Audit Committee and the requisite resolution for ratification of remuneration of Cost Auditors by the members has been set out in the notice of 30th Annual General Meeting of your Company.

25. Internal Auditor

The Board had appointed M/s S S Kothari Mehta & Co., Chartered Accountants, (Firm Registration No. 000756N), as Internal Auditor of your Company, on the recommendation of the Audit Committee for the financial year 2016-17.

26. Secretarial Auditor

Ms. Rachna Aggarwal, Practicing Company Secretaries, (CP No.4819 and Membership No.15959), was appointed as Secretarial Auditor to conduct Secretarial Audit for the financial year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The Secretarial Audit report for the financial year 2015-16 is annexed herewith marked as **Annexure - 2** to this Board's Report.

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

The Board has appointed M/s Dhananjay Shukla & Associates, Practicing Company Secretaries (CP No. 8271), as Secretarial Auditor of the Company for the financial year 2016-17.

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

The information required pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are set out in the **Annexure - 3** forming part of this Board's Report.

28. Public Deposits

Your Company has not invited/accepted any deposits during the year ended on 31st March 2016 within the meaning of Section 73 of the Companies Act, 2013 and the Rules made thereunder.

29. Significant and Material Orders passed by the Regulators

There were no significant and material orders passed by regulators/ courts or tribunals impacting the going concern status and Company's operations in future.

30. Internal Control Systems and their Adequacy

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. Self-certification exercise is also conducted by which senior management certifies effectiveness of the internal control system of the Company. Internal Audit has been conducted throughout the organization by qualified outside Internal Auditors. The findings of the internal Audit Report are reviewed by the top Management and by the Audit Committee of the Board and proper follow-up action are ensured wherever required. The Statutory Auditors have evaluated the internal financial controls framework of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

31. Particulars of Loans, Guarantee or Investments

The Particulars of Loans, Guarantees and Investments have been disclosed under Note No. 37 in the Standalone Financial Statement for the financial year 2015-16.

32. Risk Management Policy

The Board of Directors has constituted Risk Management Committee to identify elements of risk in different areas of operations and develop policy for actions associated to mitigate the risks. It regularly analyses and takes corrective actions for managing / mitigating the same. Your Company's Risk management framework ensures compliance with the provisions of the Listing Regulations.

Your Company has institutionalized the process for identifying, minimizing and mitigating risks which is periodically reviewed. Some of the risks identified and been acted upon by your Company are: Securing critical resources; ensuring sustainable plant operations; ensuring cost competitiveness including logistics; completion of CAPEX; maintaining and enhancing customer service standards and resolving environmental and safety related issues.

33. Corporate Social Responsibility (CSR) Committee

Your Company aims to remain essential to the society with its social responsibility, strongly connected with the principle of sustainability, an organization based not only on financial factors, but also on social and environmental consequences.

As per Schedule VII of the Companies Act, 2013, the Company has undertaken various activities under CSR compliance and during the year under report, the Company has spent a sum of ₹ 0.12 crore towards CSR activities in line with the compliance with Section 135 of the Companies Act 2013.

As required under Section 135 of the Companies Act, 2013, the CSR Committee comprising of Mr. Om Prakash Lohia as the Chairman and Mr. Vishal Lohia and Dr. Arvind Pandalai* as its Members. The CSR Committee of the Company has laid down the policy to meet the Corporate Social Responsibility. The CSR Policy includes any activity that may be prescribed as CSR activity as per the Rules of the Companies Act, 2013. The main focus areas taken in the policy are Education, Health care and family welfare, Environmental Safety, contribution to any relief fund setup by the Government of India and any State Government.

The details of amount spent on CSR activities and projects undertaken during the year are given in the **Annexure - 4** to the Board's Report.

Upon resignation of Dr. Arvind Pandalai, the CSR Committee re-constituted on 18th May 2016 consisting Mr. Om Prakash Lohia as the chairman and Mr. Vishal Lohia and Ms. Ranjana Aggarwal as Members.

The detailed CSR policy of the Company is also available on the website of the Company, www.indoramaindia.com.

34. Related Party Transactions

Your Company has formulated a policy on related party transactions which is also available on Company's website, www.indoramaindia.com. This policy deals with the review and approval of related party transactions. The Board of Directors of the Company has approved the criteria for making the omnibus approval by the Audit Committee within the overall framework of the policy on related party transactions. The omnibus approval is required to be obtained for related party transactions which are of repetitive nature and

entered in the ordinary course of business and at arm's length basis. All related party transactions are placed before the Audit Committee for review and approvals. All related party transactions entered during the financial year were in ordinary course of the business and on arm's length basis.

The details of contracts/arrangement with the related parties are appearing under Note No. 34 in the Standalone and Note No. 35 in the Consolidated Financial Statements and form part of this Board's Report. The particulars of contracts or arrangements with related parties prepared under Section 188(1) of Companies Act, 2013 read with Rule 8 (2) of Companies (Accounts) Rule, 2014 is annexed with this Report in Form AOC-2, as **Annexure - 5**.

All the Related Party Transactions were placed before the Audit Committee and Board of Directors for approvals.

35. Code of Conduct for Prevention of Insider Trading

In compliance with the SEBI Regulations on prevention of insider trading, the Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading in the securities of the Company. This Code of Conduct is applicable to Promoters, Directors, Chiefs, Group Heads, Heads and such other employees of the Company and others who are expected to have access to unpublished price sensitive information.

The Board has approved the revised Code of Conduct for Prevention of Insider Trading, in terms with the SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from 15th May 2015.

The Code of Conduct lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with the shares of the Company, and cautioning them of consequences of violations. The Company Secretary of the Company is the compliance officer. The Code of Conduct for Prevention of Insider Trading is available on the website of the Company, www.indoramaindia.com.

36. Code of Practices and Procedures for Fair Disclosure

The Board has approved the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, in terms with the SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from 15th May 2015.

The Code lays down broad standards of compliance and ethics, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable SEBI regulations. The Code is required to be complied in respect of all corporate disclosures in respect of the Company and/or its subsidiary companies. The Company Secretary of the Company is the compliance officer.

The code of practices and procedures for fair disclosure of unpublished price sensitive information is available on the website of the Company, www.indoramaindia.com.

37. Listing

The Securities and Exchange Board of India (SEBI), on 2nd September 2015, issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective 1st December 2015. Accordingly, all listed entities were required to enter into uniform Listing Agreement within six months from the effective date. Subsequently, your Company entered into Uniform Listing Agreement with BSE Limited and the National Stock Exchange of India Limited, Mumbai, during February 2016. The listing fees to the Stock Exchanges for the financial year 2016-17 have been paid.

38. Corporate Governance

Your Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. Your Company has also implemented several best corporate governance practices. The Report on Corporate Governance as stipulated under Regulation 34 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms integral part of this Annual Report.

The requisite certificate from the Practicing Company Secretary confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Regulation is attached to the Report on Corporate Governance.

39. Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review, as stipulated under the Listing Regulations with the Stock

Exchanges, is presented in a separate chapter forming part of this Annual Report.

40. Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 125 of the Companies Act, 2013, relevant amounts, which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund (IEPF).

Pursuant to the provisions of Investor Education and Protection Fund, the Company has uploaded the details of unpaid and unclaimed dividend amounts lying with the Company as on 30th July 2015 (date of last Annual General Meeting) on the Company's website, www.indoramaindia.com, and also on the Ministry of Corporate Affairs' website.

41. Industrial Relations / Human Resources

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the year under report. Your Company firmly believes that a dedicated workforce constitute the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the staff and workforce of your Company. There are 816 numbers of employees of the Company as on 31st March 2016.

42. Acknowledgements

Your Directors would like to express their appreciation for the assistance and co-operation received from the Financial Institutions, Banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives, staff and workers.

* Dr. Arvind Pandalai (DIN 00352809), Independent Director, has resigned from the directorship of the Company with effect from 20th February 2016.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director
(DIN: 00206807)

Place: Gurgaon
Date: 31st August 2016

ANNEXURE - 1 TO THE BOARD'S REPORT
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on the Financial Year ended 31st March 2016

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

| | | |
|---|---|--|
| I. REGISTRATION & OTHER DETAILS | | |
| i) | CIN | L17124MH1986PLC166615 |
| ii) | Registration Date | 28th April 1986 |
| iii) | Name of the Company | Indo Rama Synthetics (India) Limited |
| iv) | Category / Sub-category of the Company | Public Company / Limited by shares |
| v) | Address of the Registered Office and contact details | A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, India. Tel.: 07104-663000/01 Fax: 07104-663200 |
| vi) | Whether Listed Company | Yes |
| vii) | Name, Address and contact details of the Registrar and Transfer Agent, if any | MCS Share Transfer Agent Limited F-65, First Floor, Okhla Industrial Area, Phase-1, New Delhi-110 020, India Tel.: 011-4140 6149-52 Fax No.: 011-4170 9881 |
| II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY | | |
| | All the business activities contributing 10% or more of the total turnover of the Company shall be stated) | As per Attachment - A |
| III. PARTICULARS OF HOLDING, SUBSIDIARY INCLUDING SUBSIDIARIES OF SUBSIDIARIES AND ASSOCIATE COMPANIES | | |
| | | As per Attachment - B |
| IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY) | | |
| i) | Category-wise Shareholding | As per Attachment - C |
| ii) | Shareholding of Promoters | As per Attachment - D |
| iii) | Change in Promoters' Shareholding | As per Attachment - E |
| iv) | Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) | As per Attachment - F |
| v) | Shareholding of Directors and Key Managerial Personnel | As per Attachment - G |
| V. INDEBTEDNESS | | |
| | Indebtedness of the Company including interest outstanding/accrued but not due for payment | As per Attachment - H |
| VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL | | |
| A. | Remuneration to Managing Director, Whole-time Directors and/ or Manager | As per Attachment - I |
| B. | Remuneration to other Directors | As per Attachment - J |
| C. | Remuneration to Key Managerial Personnel other than MD/Manager/WTD | As per Attachment - K |
| VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES | | |
| | | As per Attachment - L |

ATTACHMENT - A
II. Principal Business Activities of The Company

All the business activities contributing 10% or more of the total turnover of the Company are given below:

| Sl. No. | Name and Description of main products / services | NIC Code of the product / service | % to total turnover of the Company # |
|---------|--|-----------------------------------|--------------------------------------|
| 1 | Polyester Staple Fibre | 55032000 | 55.43% |
| 2 | Polyester Filament Yarn | 54024200 | 18.74% |
| 3 | Draw Texturised Yarn | 54023300 | 25.34% |

Products contributing 10% or more of Gross Turnover.

ATTACHMENT - B**III. Particulars of Holding, Subsidiary Including Subsidiaries of Subsidiaries and Associate Companies**

| Sl. No. | Name and Address of the Company | CIN / GIN | Holding / Subsidiary / Associate | % of Share held | Applicable Section |
|---------|--|-----------------------|---|-----------------|--------------------|
| 1 | Indo Rama Renewables Ltd. 20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002, Haryana, India | U40106HR2012PLC045840 | Subsidiary | 100 | 2(87)(ii) |
| 2 | Indo Rama Renewables Jath Ltd. * 20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002, Haryana, India | U40300HR2012PLC046057 | Subsidiary of Indo Rama Renewables Ltd. | 100 | 2(87)(ii) |
| 3 | Indo Rama Renewables Porbandar Ltd. 20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002, Haryana, India | U40102HR2012PLC046056 | Subsidiary of Indo Rama Renewables Ltd. | 100 | 2(87)(ii) |
| 4 | Indo Rama Renewables Ramgarh Ltd. 20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002, Haryana, India | U40300HR2012PLC046070 | Subsidiary of Indo Rama Renewables Ltd. | 100 | 2(87)(ii) |

* Indo Rama Renewables Jath Limited has been disposed-off to the Tata Renewable Energy Limited on 19th May 2016.

ATTACHMENT - C**IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)****i) Category-wise Shareholding**

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 1st April 2015) | | | | No. of Shares held at the end of the year (As on 31st March 2016) | | | | % Change during the year |
|---|---|----------|------------------|-------------------|--|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| | | | | | | | | | |
| A. Promoter | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 53288568 | | 53288568 | 35.10% | 57661770 | | 57661770 | 37.98% | 2.88% |
| b) Central Govt. | - | - | - | | - | - | - | | - |
| c) State Govt(s) | - | - | - | | - | - | - | | - |
| d) Bodies Corp. | 4329204 | - | 4329204 | 2.85% | - | - | - | 0.00% | -2.85% |
| e) Banks / FI | - | - | - | | - | - | - | | - |
| f) Any other | - | - | - | | - | - | - | | - |
| Sub Total A(1) | 57617772 | - | 57617772 | 37.95% | 57661770 | - | 57661770 | 37.98% | 0.03% |
| (2) Foreign | | | | | | | | | |
| a) NRIs - Individuals | 961724 | - | 961724 | 0.63% | 961724 | - | 961724 | 0.63% | 0.00% |
| b) Other - Individuals | - | - | - | | - | - | - | | - |
| c) Bodies Corp. | 43288057 | - | 43288057 | 28.51% | 43288057 | - | 43288057 | 28.51% | 0.00% |
| d) Banks/FI | - | - | - | | - | - | - | | - |
| e) Any Other | - | - | - | | - | - | - | | - |
| Sub-Total A(2) | 44249781 | - | 44249781 | 29.15% | 44249781 | - | 44249781 | 29.15% | 0.00% |
| Total Shareholding of Promoter A=A(1)+A(2) | 101867553 | - | 101867553 | 67.10% | 101911551 | - | 101911551 | 67.13% | 0.03% |

| Category of Shareholders | No. of Shares held at the beginning of the year (As on 1st April 2015) | | | | No. of Shares held at the end of the year (As on 31st March 2016) | | | | % Change during the year |
|---|---|---------------|------------------|-------------------|--|---------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 5376 | 5420 | 10796 | 0.01% | 5136 | 5420 | 10556 | 0.01% | 0.00% |
| b) Banks / FI | 2251962 | 144 | 2252106 | 1.48% | 2163486 | 144 | 2163630 | 1.43% | -0.06% |
| c) Central Govt. | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 4006850 | - | 4006850 | 2.64% | 4006850 | - | 4006850 | 2.64% | 0.00% |
| g) FIs | 14035074 | 9590 | 14044664 | 9.25% | 14163389 | 9590 | 14172979 | 9.34% | 0.08% |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B) (1) | 20299262 | 15154 | 20314416 | 13.38% | 20338861 | 15154 | 20354015 | 13.41% | 0.03% |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 3137835 | 16389 | 3154224 | 2.08% | 2862823 | 16388 | 2879211 | 1.90% | -0.18% |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individuals shareholders holding nominal share capital upto ₹ 2 Lakh | 5194455 | 873580 | 6068035 | 4.00% | 7474907 | 848589 | 8323496 | 5.48% | 1.49% |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakh | 8217950 | - | 8217950 | 5.41% | 6509092 | - | 6509092 | 4.29% | -1.13% |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Non Resident Indians | 1909374 | 130 | 1909504 | 1.26% | 1554187 | 130 | 1554317 | 1.02% | -0.23% |
| Overseas Corporate Bodies | - | - | - | - | - | - | - | - | - |
| Foreign Nationals | - | - | - | - | - | - | - | - | - |
| Clearing Members | - | - | - | - | - | - | - | - | - |
| Trusts | - | - | - | - | - | - | - | - | - |
| Foreign Bodies-D R | - | - | - | - | - | - | - | - | - |
| Sub-total (B) (2) | 18459614 | 890099 | 19349713 | 12.74% | 18401009 | 865107 | 19266116 | 12.69% | -0.06% |
| Total Public Shareholding (B)=(B) (1) + (B) (2) | 38758876 | 905253 | 39664129 | 26.13% | 38739870 | 880261 | 39620131 | 26.10% | -0.03% |
| C. Shares held by Custodian for GDRs & ADRs | 10290560 | - | 10290560 | 6.78% | 10290560 | - | 10290560 | 6.78% | 0.00% |
| Grand Total (A+B+C) | 150916989 | 905253 | 151822242 | 100.00% | 150941981 | 880261 | 151822242 | 100.00% | 0.00% |

BOARD'S REPORT

ATTACHMENT - D

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 1st April 2015) | | | Shareholding at the end of the year (As on 31st March 2016) | | | % change in shareholding during the year |
|---------|-------------------------------------|---|----------------------------------|--|--|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of shares Pledged / encumbered to total shares | |
| 1 | Brookgrange Investments Ltd. | 43,288,057 | 28.51 | 0.00 | 43,288,057 | 28.51 | 0.00 | 0.00 |
| 2 | Mr. Om Prakash Lohia | 35,378,350 | 23.30 | | 37,984,000 | 25.02 | 0.00 | 1.72 |
| 3 | Mrs. Urmila Lohia | 15,855,314 | 10.44 | 0.00 | 18,184,518 | 11.98 | 0.00 | 1.53 |
| 4 | Mr. A Lohia | 661,696 | 0.44 | 0.00 | 661,696 | 0.44 | 0.00 | 0.00 |
| 5 | Mr. Mohan Lal Lohia | 300,028 | 0.20 | 0.00 | 300,028 | 0.20 | 0.00 | 0.00 |
| 6 | Mrs. Ritika Kumar | 414,796 | 0.27 | 0.00 | 414,796 | 0.27 | 0.00 | 0.00 |
| 7 | Ms. Aruna Goenka | 561,652 | 0.37 | 0.00 | 0 | 0.00 | 0.00 | -0.37 |
| 8 | Mr. Vishal Lohia | 275,372 | 0.18 | 0.00 | 275,372 | 0.18 | 0.00 | 0.00 |
| 9 | Ms. Aradhna Lohia | 313,256 | 0.21 | 0.00 | 313,256 | 0.21 | 0.00 | 0.00 |
| 10 | Mrs. Rimple Lohia | 239,940 | 0.16 | 0.00 | 239,940 | 0.16 | 0.00 | 0.00 |
| 11 | Mr. Yashovardhan Lohia | 249,888 | 0.16 | 0.00 | 249,888 | 0.16 | 0.00 | 0.00 |
| 12 | Indo Rama Retail Holdings Pvt. Ltd. | 2,000,000 | 1.32 | 0.00 | 0 | 0.00 | 0.00 | -1.32 |
| 13 | Lohia Industries Pvt. Limited | 2,329,204 | 1.53 | 0.00 | 0 | 0.00 | 0.00 | -1.53 |
| | Total | 101,867,553 | 67.10 | 0.00 | 101,911,551 | 67.13 | 0.00 | 0.03 |

ATTACHMENT - E

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

(iii) Change in Promoters' Shareholding

| Sl. No. | Particulars | Shareholding at the beginning of the year (As on 1st April 2015) | | Cumulative Shareholding during the year (1st April, 2015 to 31st March 2016) | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | At the beginning of the year | 101,867,553 | 67.10 | | |
| 2 | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.): # | | # | | |
| 3 | At the end of the year | 101,911,551 | 67.13 * | | |

The details of shares purchased from the market and inter-se transfer.

Note: * Increase in the percentage of total shares of the Promoters from 67.10% to 67.13% due to purchase of 43,998 shares from market and 25,61,652 shares through inter-se transfer.

ATTACHMENT - E1
IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)
The details of shares purchased from the Market.

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-15 to 31-03-16) | |
|---------|------------------|--|--------------------------------------|-----------|------------------------------------|-------------------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-15) / end of the year (31-03-16) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1 | Om Prakash Lohia | 35,378,350 | 23.30 | 1-Apr-15 | | | | |
| | | | | 25-Feb-16 | 500000 | Inter-se- | 35,878,350 | 23.63 |
| | | | | 26-Feb-16 | 60152 | Transfer | 35,938,502 | 23.67 |
| | | | | 26-Feb-16 | 1500 | | 35,940,002 | 23.67 |
| | | | | 21-Mar-16 | 43998 | Market Purchase | 35,984,000 | 23.70 |
| | | | | 28-Mar-16 | 2000000 | Inter-se-Transfer | 37,984,000 | 25.02 |
| | | 37,984,000 | 25.02 | 31-Mar-16 | | | 37,984,000 | 25.02 |

ATTACHMENT - F
IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)
iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-15 to 31-03-16) | |
|---------|--|--|--------------------------------------|-----------|------------------------------------|-----------------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-15) / end of the year (31-03-16) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1 | APMS Investment Fund Ltd. | 12,652,175 | 8.33 | | 0 | Nil movement | | |
| | | 12,652,175 | 8.33 | 31-Mar-16 | | during the year | 12,652,175 | 8.33 |
| 2 | Life Insurance Corporation of India | 3,005,152 | 1.98 | 1-Apr-15 | 0 | Nil movement | | |
| | | 3,005,152 | 1.98 | 31-Mar-16 | | during the year | 3,005,152 | 1.98 |
| 3 | IFCI Limited | 2,150,342 | 1.42 | 1-Apr-15 | 0 | | | |
| | | | | 8-Jan-16 | -84,615 | Market Sale | 2,065,727 | |
| | | | | 15-Jan-16 | -3,861 | | 2,061,866 | |
| | | 2,061,866 | 1.36 | 31-Mar-16 | | | 2,061,866 | 1.36 |
| 4 | Asia Investment Corporation (Mauritus) Limited | 1,381,861 | 0.91 | 1-Apr-15 | 0 | Nil movement | | |
| | | 1,381,861 | 0.91 | 31-Mar-16 | | during the year | 1,381,861 | 0.91 |
| 5 | Monica Burman | 1,089,135 | 0.72 | 1-Apr-15 | 0 | | | |
| | | | | 7-Aug-15 | -189135 | Market Sale / | 900,000 | |
| | | | | 11-Sep-15 | 92083 | Purchase | 992,083 | |
| | | | | 20-Nov-15 | 7917 | | 1,000,000 | |
| | | 1,000,000 | 0.66 | 31-Mar-16 | | | 1,000,000 | 0.66 |
| 6 | United India Insurance Company Ltd. | 613,536 | 0.40 | 1-Apr-15 | 0 | Nil movement | | |
| | | 613,536 | 0.40 | 31-Mar-16 | | during the year | 613,536 | 0.40 |
| 7 | Lal Tolani | 430,745 | 0.28 | 1-Apr-15 | | | | |
| | | | | 1-May-15 | 2,000 | Market Purchase | 432,745 | |
| | | | | 15-May-15 | 2,000 | | 434,745 | |
| | | 434,745 | 0.29 | 31-Mar-16 | | | 434,745 | 0.29 |
| 8 | The Oriental Insurance Company Ltd. | 388,162 | 0.26 | 1-Apr-15 | 0 | Nil movement | | |
| | | 388,162 | 0.26 | 31-Mar-16 | | during the year | 388,162 | 0.26 |

BOARD'S REPORT

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-15 to 31-03-16) | |
|---------|--------------------------|--|--------------------------------------|-----------|--|-----------------------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-15) / end of the year (31-03-16) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 9 | Tanvi J Mehta | 317,746 | 0.21 | 1-Apr-15 | | | | |
| | | | | 31-Jul-15 | 22,000 | | 339,746 | |
| | | | | 30-Sep-15 | -1,888 | | 337,858 | |
| | | | | 9-Oct-15 | -1,000 | Market Purchase/ Sale | 336,858 | |
| | | | | 11-Dec-15 | -10,000 | | 326,858 | |
| | | 326,858 | 0.22 | 31-Mar-16 | | | 326,858 | 0.22 |
| 10 | Subhash Chander Kathuria | 295,092 | 0.19 | 1-Apr-15 | 0 | Market Sale | | |
| | | | | 6-May-15 | 295,092 | | 0 | |
| | | 0 | 0 | 31-Mar-16 | | | 0 | 0 |

ATTACHMENT - G

IV. Shareholding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

v) Shareholding of Directors and Key Managerial Personnel

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-15 to 31-03-16) | |
|---------|---|---|--|-----------|--|---------------------------------|---|--|
| | | No. of shares at the beginning (01-04-15) / end of the year (31-03-16) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| A | DIRECTORS: | | | | | | | |
| 1 | Mr. Mohan Lal Lohia Chairman - Emirat | 300,028 | 0.20 | 1-Apr-15 | 0 | Nil movement during the year | | |
| | | 300,028 | 0.20 | 31-Mar-16 | | | 300,028 | 0.20 |
| 2 | Mr. Om Prakash Lohia Chairman & Managing Director | 35,378,350 | 23.30 | 1-Apr-15 | | Inter-se- Transfer | 35,878,350 | 23.63 |
| | | | | 25-Feb-16 | 500000 | | 35,938,502 | 23.67 |
| | | | | 26-Feb-16 | 60152 | | 35,940,002 | 23.67 |
| | | | | 26-Feb-16 | 1500 | 35,984,000 | 23.70 | |
| | | | | 21-Mar-16 | 43998 | Market Purchase | 35,984,000 | 23.70 |
| | | | | 28-Mar-16 | 2000000 | Inter-se- Transfer | 37,984,000 | 25.02 |
| | | 37,984,000 | 25.02 | 31-Mar-16 | | 37,984,000 | 25.02 | |
| 3 | Mr. Vishal Lohia Whole-time Director | 275,372 | 0.18 | 1-Apr-15 | 0 | Nil movement during the year | | |
| | | 275,372 | 0.18 | 31-Mar-16 | | | 275,372 | 0.18 |
| 4 | Mr. Ashok Kumar Ladha Independent Director | 17,713 | 0.01 | 1-Apr-15 | 0 | Nil movement during the year | | |
| | | 17,713 | 0.01 | 31-Mar-16 | | | 17,713 | 0.01 |
| 5 | Dr. Arvind Pandalai Independent Director | 0 | 0 | 1-Apr-15 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-16 | | | 0 | 0 |
| 6 | Mr. Suman Jyoti Khaitan Independent Director | 0 | 0 | 1-Apr-15 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-16 | | | 0 | 0 |
| 7 | Mr. Anant Kishore Whole-time Director & CEO | 0 | 0 | 1-Apr-15 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-16 | | | 0 | 0 |

| Sl. No. | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-15 to 31-03-16) | |
|---------|--|--|--------------------------------------|-----------|------------------------------------|-----------------------------|--|----------------------------------|
| | | No. of shares at the beginning (01-04-15) / end of the year (31-03-16) | % of the total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 8 | Ms. Ranjana Agarwal Independent Director | 0 | 0 | 1-Apr-15 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-16 | | | 0 | 0 |
| B | Key Managerial Personnel | | | | | | | |
| 1 | Mr. Sanjeev Aggarwal President & CFO | 0 | 0 | 1-Apr-15 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-16 | | | 0 | 0 |
| 2 | Mr. Jayantk Sood Head-Corporate & Company Secretary | 0 | 0 | 1-Apr-15 | 0 | Nil Holding during the year | | |
| | | 0 | 0 | 31-Mar-16 | | | 0 | 0 |

ATTACHMENT - H

V. INDEBTEDNESS

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

Amount (₹ in Crore)

| | Secured Loans excluding Deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year (01-04-15) | | | | |
| i) Principal Amount | 372.54 | - | - | 372.54 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.62 | - | - | 0.62 |
| TOTAL (i+ii+iii) | 373.16 | | | 373.16 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 0.04 | - | - | 0.04 |
| Reduction | 68.05 | - | - | 68.05 |
| Exchange Difference | 16.95 | - | - | 16.95 |
| Net Change | (51.06) | - | - | (51.06) |
| Indebtedness at the end of the financial year (31-03-16) | | | | |
| i) Principal Amount | 321.43 | - | - | 321.43 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.67 | - | - | 0.67 |
| TOTAL (i+ii+iii) | 322.10 | - | | 322.10 |

ATTACHMENT - I**VI. Remuneration of Directors and Key Managerial Personnel****A. Remuneration to Managing Director, Whole-time Directors and/ or Manager**

(₹ In Crore)

| Sl. No. | Particulars of Remuneration | Name of MD / WTD / Manager | | | Total Amount |
|---------|--|---------------------------------|----------------------------|---------------|--------------|
| | | Om Prakash Lohia ^{\$} | Vishal Lohia ^{\$} | Anant Kishore | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in Section 17 (1) of the Income-tax Act, 1961 | 1.80 | 1.02 | 0.36 | 3.18 |
| | (b) Value of perquisites u/s 17 (2) Income-tax Act, 1961 | 0.08 | 0.41 | 0.05 | 0.54 |
| | (c) Profits in lieu of salary under Section 17 (3) Income-tax Act, 1961 | 0.65 | 0.06 | 0.64 | 1.35 |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission | - | - | - | - |
| | - as % of profit | - | - | - | - |
| | - others, specify | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total (A) | 2.53 | 1.49 | 1.05 | 5.07 |
| | Ceiling as per the Act | \$As per Central Govt. approval | | | |

Note : Above payments includes perquisite value as defined under Income Tax Act 1961 for various payment made during the period.

ATTACHMENT - J**VI. Remuneration of Directors and Key Managerial Personnel****B. Remuneration to other Directors**

(₹ In Crore)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---------|--|------------------------------------|-------------------|-----------------|---------------------|-----------------|--------------|
| | | Mohan Lal Lohia | Ashok Kumar Ladha | Arvind Pandalai | Suman Jyoti Khaitan | Ranjana Agarwal | |
| 1 | Independent Directors | | | | | | |
| | - Fee for attending Board / Committee meetings | - | 0.030 | 0.024 | 0.022 | 0.012 | 0.088 |
| | - Commission | - | - | - | - | - | - |
| | - Others, please specify | - | - | - | - | - | - |
| | Total (1) | - | 0.030 | 0.024 | 0.022 | 0.012 | 0.088 |
| 2 | Other Non-Executive Directors | | | | | | |
| | Fee for attending Board / Committee meetings | - | - | - | - | - | - |
| | Commission | - | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - | - |
| | Total (2) | - | - | - | - | - | - |
| | Total (B) = (1+2) | - | 0.030 | 0.024 | 0.022 | 0.012 | 0.088 |
| | Total Managerial Remuneration | | | | | | 5.16 |
| | Overall Ceiling as per the Act | No Remuneration, only Sitting Fee. | | | | | |

ATTACHMENT - K
VI. Remuneration of Directors and Key Managerial Personnel
C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ In Crore)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | Total Amount |
|---------|--|--------------------------|------------------------|----------------------------------|--------------|
| | | CEO | CFO (Sanjeev Aggarwal) | Company Secretary (Jayantk Sood) | |
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961 | | 0.42 | 0.27 | 0.69 |
| | (b) Value of perquisites u/s 17 (2) Income-tax Act, 1961 | | 0.006 | 0.015 | 0.021 |
| | (c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961 | | 0.75 | 0.24 | 0.98 |
| 2 | Stock Option | Not Applicable | | | |
| 3 | Sweat Equity | | | | |
| 4 | Commission | | | | |
| | - as % of profit | | | | |
| | - others, specify | | | | |
| 5 | Others, please specify | | | | |
| | Total (A) | | 1.17 | 0.52 | 1.69 |

Note : Above payments includes perquisite value as defined under Income Tax Act 1961 for various payment made during the period.

ATTACHMENT - L
VII. Penalties / Punishment / Compounding of Offences

| | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment / Compounding fees imposed | Authority (RD / NCLT / COURT) | Appeal made, if any (give details) |
|------------------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | NIL | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

ANNEXURE - 2 TO THE BOARD'S REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2016

To
The Members,

INDO RAMA SYNTHETICS (INDIA) LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Indo Rama Synthetics (India) Limited, (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 the Indo Rama Synthetics (India) Limited 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 2016 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 the Company for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and Rules made thereunder, as amended or re-stated from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and Rules made thereunder, as amended or re-stated from time to time;
- (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"), and as amended or re-stated from time to time: -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (w.e.f. 1st December 2015);
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15th May 2015);
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (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;
- (vi) The following are other laws as applicable to this specific industry:
 - (a) The Employee Provident Fund and Miscellaneous Provision Act, 1952;
 - (b) The Factory Act, 1948 & Maharashtra Factory Rules, 1963;
 - (c) The Environment (Protection) Act, 1976;
 - (d) The Boiler Act, 1923;
 - (e) Indian Electricity Act; and
 - (f) The Air (Prevention & Control of Pollution) Act, 1981.

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 Equity Listing Agreement entered into by the Company with BSE Limited and The National Stock Exchange of India Limited; and

(iii) The Memorandum and Articles of Association of the Company.

During the period under review the Company so far as appears from our examination has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

The composition criteria of the Board is fully compliant with the applicable mandatory requirements of the Act, however during the audit period one of the independent director has resigned from his office w.e.f. 20th February, 2016.

I further report that subject to the observations made by me in above paragraph.

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes; wherever required.

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 the Company has in my opinion complied with the provisions of the Act and Rules made thereunder and the Memorandum and Articles of Association of the Company with regard to:

- a) Maintenance of all various Statutory Register and documents and making necessary entries therein;
- b) closure of Register of Members/ Debenture holders;
- c) form, returns, document and resolution as stipulated under the Act were duly filed with the Registrar of Companies and the Central Government, whenever required;
- d) service of documents by the Company on its Members, Debenture holder, Debenture Trustee, Auditors and the Registrar of Companies;

- e) notice of Board meeting and committees meeting of Directors;
- f) the meeting of Directors and committees of Director including passing of resolution by circulation;
- g) the 29th Annual General Meeting held on 30th July, 2015;
- h) director disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
- i) obtained all necessary approvals under the various provisions of the Act;
- j) payment of remuneration to Directors including the Managing Director and Whole-time Directors;
- k) appointment and remuneration of Auditors and Cost Auditors;
- l) transfers and transmissions of the Company's shares and debentures, and issue and dispatch of duplicate certificates of shares;
- m) declaration and payment of dividends;
- n) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- o) Director's Report;
- p) contracts, common seal, registered office and publication of name of the Company; and
- q) generally, all other applicable provisions of the Act and the Rules made under the Act.

I further report that during the audit period the Company has:

- i. no prosecution initiated or penalties were imposed during the year under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers;
- ii. through the process of postal ballot as prescribed under Section 110 of the Act, passed the special resolutions pursuant to the provisions of Sections 180(1)(a), 180(1)(c) and 186 of the Act, on 2nd July 2015.

ANNEXURE - 3 TO THE BOARD'S REPORT

Particulars required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Board's Report for the financial year ended 31st March 2016.

A. Conservation of Energy:

Energy Saving measures taken and proposals under implementation.

- ▶ Reduction in furnace oil consumption of oil fired heater and reduction of heater firing frequency from 03 to 01 per day.
- ▶ To reduce energy consumption by running Dow Feed Pump at lower RPM with inverter for dow feeding to Oil Fired Heater.
- ▶ Stoppage of use of LP steam used in Air pre-heater of Oil Fired Heat Transfer Media plant.
- ▶ Cost saving by stopping of quench return fan unit No:5
- ▶ Increase in steam condensate recovery from PSF & Process.
- ▶ Energy efficient spray pumps installation in quench POY- HVAC AHU's.
- ▶ Installation of motorized roof top exhaust fan in DTY in place of axial fan.
- ▶ Modification of PSF quench AHU 17 to reduce the RPM of quench supply fan.
- ▶ Energy saving by auto switch off of baler main motors in draw line 6 & 7.
- ▶ Energy saving by removing heating transformer of 100 KVA and applied direct 415 VAC to heaters on DTY machine.
- ▶ Energy saving by conversion of DC to AC (motors and drives) for DTY machine and traverse on machine No:18.
- ▶ Cost saving by reducing auxiliary power consumption at DG house by heating of FO with steam instead of electrical heaters.
- ▶ Installation of Master air pressure controller on air compressors in CPP to control loading.
- ▶ Installation and commissioning of energy efficient new DTY machines in place of old machine.
- ▶ Hot water generation from CP process & utilization for chilled water generation through hot water based VAM.
- ▶ Installation of booster pump in water pipe line to avoid high pressure pumping.
- ▶ Use of coal additive on trial basis for reduction in un-burnt percentage in slag ash in CFHTM Plant.

FORM - A

Form for disclosure of particulars with respect to Conservation of Energy.

| Particulars | Current Year 31 March 2016 | Previous Year 31 March 2015 |
|---|-------------------------------|--------------------------------|
| (A) POWER & FUEL CONSUMPTION | | |
| (1) Electrical | | |
| (a) Purchases from MSEDCL & Other | | |
| Units (kwh in '000) | 14,304 | 12,621 |
| Total Amount (₹ in '000) | 68,970 | 96,026 |
| Rate / kwh (in ₹) | 4.82 | 7.61 |
| (b) Generation for own consumption | | |
| (Net of power sale including auxiliary consumption) | | |
| (i) Through DG (FO Based) | | |
| Units (kwh in '000) | 6,884 | 2,844 |
| Units / Ltr of FO | 4.06 | 3.86 |
| Cost / Unit (₹ / Unit) | 5.05 | 10.20 |
| (ii) Through STG (Coal based) | | |
| Units (kwh in '000) | 274,264 | 252,308 |
| Units / kg of Coal | 1.05 | 0.95 |
| Cost / Unit (₹ / Unit) | 3.18 | 3.86 |

| Particulars | Current Year 31 March 2016 | Previous Year 31 March 2015 |
|--|-------------------------------|--------------------------------|
| (2) Coal | | |
| (i) Consumed in CPP | | |
| Quantity in MT | 292,835 | 305,480 |
| Total Cost (₹ in ' 000) | 982,735 | 1,119,700 |
| Average Rate (₹ / MT) | 3,356 | 3,301 |
| (ii) Consumed in Utility | | |
| Quantity in MT | 134,415 | 117,357 |
| Total Cost (₹ in ' 000) | 451,087 | 430,157 |
| Average Rate (₹ / MT) | 3,356 | 4,613 |
| (3) Furnace Oil | | |
| Quantity (KL) | 2,570 | 1,720 |
| Total Cost (₹ in ' 000) | 52,762 | 67,689 |
| Average Rate (₹ / Lt) | 20.53 | 39.34 |
| (B) CONSUMPTION PER UNIT OF PRODUCTION | | |
| Production of Polymer products (Fresh) - MT | 422,758 | 383,454 |
| Electricity / Kg (in kwh) | 0.70 | 0.70 |

Previous year figures are regrouped to make them comparable.

B. Technology Absorption:

Form for disclosure of particulars with respect to technology absorption (Form-B).

Research & Development

1. Specific Areas in which R&D carried out by the company:

(Product Development & Process Improvement Areas)

- ▶ Introduction and commercialization of new POY Product - 260/34SD.
- ▶ Introduction and commercialization of new FDY Product- 60/34,SD.
- ▶ Development of large no of new DTY Products : 70/48/2NIM crimp (low oil), 150/48/2 Nim Crimp, 75/34 NIM(L), 100/34NIM(L), 150/48/2 LIM low shrinkage, 150/48/2 LIMD low shrinkage, 170/48IM stretch, 150/34NIM crimp, 100/34NIM crimp and 75/48 IM/HIM.
- ▶ Optimization of Dow Feed Pump speed and running at lower speed resulting into Energy Saving.
- ▶ Glycol plate heat exchanger changeover frequency reduced by optimizing operating parameters.
- ▶ Air Preheater LP steam stopped by trails and heater parameter fine tuning.
- ▶ Optimization of Spin Finish component ratio in PSF Spg and reduction in spg wraps leading to waste reduction.
- ▶ POY Quench return fan frequency optimization to 35Hz from 50Hz.

- ▶ Recycling of 122mm diameter paper tube by adjusting winder parameter.
- ▶ PSF Draw Line dryer cooling system optimization and stopping one fan in CP-4.
- ▶ POY2/3 area maintaining instrument air pressure by installation of intermediate air receiver and one additional pipe line.
- ▶ Rationalization of Air washer pumps in HVAC CP2/3 in POY Quench unit 05 & 07 to save power consumption.
- ▶ POY-5 AHU Quench chilled water pressure increased by providing booster pump locally and stopping one large capacity pump in Utility area.
- ▶ DTY Phase-1 condition improvement by installation of more number of small size low capacity suction fans against high capacity less no suction fan.
- ▶ Recycling of drinking water filter back wash water and thereby water saving.
- ▶ Recycling of condensate Water from AHU to Cooling Tower and thereby soft water saving.
- ▶ Energy Saving by conversion of DC to AC (motors and Drives) for Main machine and Traverse on Machine No-18.
- ▶ DTY area increase in package weight to 3.0Kg from 2.75kg in 221/144ST yarn and thereby packing cost / paper tube cost / transportation cost saving.
- ▶ Saving by using 3 Ply cartons in place of 5 Ply cartons in IA/PQ/CLQ/JLT Grade.

- ▶ Use of effluent treated water in CF HTM area in slag ash silos and thereby saving in Raw water.
- ▶ Increased recycling of CFHTM slag ash for maximum utilization of coal.

2. Benefit derived as a result of above Product development and process improvement:

- ▶ Development of new POY and FDY products has widen IRSL product range basket and enhanced customer satisfaction.
- ▶ Development of DTY new products have increased product basket and are most suited for various applications, as under:
 - ▶ DTY product '70/48/2NIM crimp(low oil) and 150/48/2 Nim Crimp are most suited for twisting application.
 - ▶ 75/34 NIM(L) and 100/34NIM(L) for weft application and for knitting.
 - ▶ 150/48/2 LIM low shrinkage and 150/48/2 LIMD low shrinkage for package dyeing.
 - ▶ 170/48IM is perfect for weft application in air jet looms.
 - ▶ 150/34NIM crimp and 100/34NIM crimp are excellent for Twisting application.
 - ▶ 75/48 IM/HIM is used in Warp knitting.
- ▶ Optimization of Dow Feed pump speed has saved energy and cost of ₹ 0.08 million.
- ▶ Reduction in Glycol plate heat exchanger changeover has given saving of ₹ 0.016 million.
- ▶ Air preheater steam stoppage has given saving of ₹ 0.026 million.
- ▶ PSF Spg Spin Finish recipe optimization has given saving of ₹ 0.057 million.
- ▶ POY Quench return air fan frequency reduction has yield saving of ₹ 0.066 million.
- ▶ Recycling of 122mm paper tube has saved natural resource as well saving of ₹ 0.28 million.
- ▶ PSF Draw line Dryer one fan stoppage has given saving of ₹ 0.039 million.
- ▶ POY CP-2/3 area maintaining instrument air pressure by installation of intermediate air receiver has given saving of ₹ 0.049 million.
- ▶ Rationalization of Air washer pumps in HVAC CP2/3 has given saving of ₹ 0.049 million.

- ▶ POY-5 AHU local chilled water booster pump has saved energy and cost of ₹ 0.086 million.
- ▶ Stopping higher capacity suction fans has saved cost of ₹ 0.147 million.
- ▶ Recycling of drinking water filter back wash and use of AHU condensate in Cooling tower has saved ₹ 0.091 million.
- ▶ DTY conversion of one M/c from DC to AC has given saving of ₹ 0.0144 million.
- ▶ DTY package weight increase in product 221/144ST yarn has given saving of ₹ 0.0248 million.
- ▶ DTY packing use of 3 Ply box has given saving of ₹ 0.42 million.
- ▶ Use of effluent treated water in slag ash conveying has saved ₹ 0.20 million.
- ▶ Increased recycling of Slag ash has given saving of ₹ 0.80 million.

3. Import Substitution:

Indigenous Development:

- ▶ Development of Sleeve type crimper roller pair.
- ▶ Development of DRR mechanical seals spares from indigenous vendors.
- ▶ Indianisation of cross journal bearing of PP feed pump Cardon shaft.
- ▶ Reconditioning of N2 Compressor Gasket after cooler in CP 1 area.
- ▶ Reconditioning of triple screw pump used for FO Service in HTM area CP 1.
- ▶ Development of Est2 & Prepoly Agitator mechanical seal from Indian vendors.
- ▶ Polymer Discharge Pump gearbox development from Indian vendor.
- ▶ Reconditioning of Grayloc clamp and hub of inlet and outlet spool pieces.
- ▶ Development and reconditioning of spares of Est 1 Product pump.
- ▶ Reconditioning of CPF torque wrench for CP 4/5.
- ▶ Development of UTY-3 cooling towers drive shaft.
- ▶ Development of Mushroom button of ACW.
- ▶ Indianisation of Insulated Gate Bipolar Junction transistor (IGBT).

- ▶ Indianisation of Semi Insulated Gate Bipolar Junction transistor(IGBT) Dual CM.
- ▶ Development of drift detector sensor.
- ▶ Development for Indian alternate of various drives for load upto 460 Amp.
- ▶ Indianised system for heat exchanger air system for FDY M/c electrical panels to enhance the electronic component life.
- ▶ Indigenous development of Brush Rocker Arm.
- ▶ Development of Indigenous Spares for Samson make valve positioner.
- ▶ Indianisation of E/R Module for automation SRU's.

4. Future Plan of Action (2016-17):

- ▶ Conversion of CP-3 into specialty products like home bright, optical bright and Black Fiber.
- ▶ Hollow conjugate / Siliconised Fiber in CP-1 PSF.
- ▶ Addition of 40 new generation DTY M/c.
- ▶ CP-1 DCS system upgradation.
- ▶ POY Lab testing M/c upgradation from DOS to Windows.
- ▶ CP-2/3 packing system Doffer automation, server, PLC upgradation

5. Expenditure on Research & Development:

- | | |
|--|-------|
| ▶ Capital (₹ in '000) | - Nil |
| ▶ Recurring | - Nil |
| ▶ Total | - Nil |
| ▶ Total R & D expenditure as % of Turnover | - Nil |

6. Technology Absorption, Adoption and Innovation:

- ▶ CP-5 Packing system automation Kuka robotics modification

- ▶ Trial and process optimization for use of new make of PTA in CP.
- ▶ Use of modified pallets in POY export packing.
- ▶ FDY M/c Full bobbin weight increased from 6.9 to 7.5Kg.
- ▶ Optimization of Steam condensate system and increase in condensate recovery to 58% from 49%.
- ▶ Modification in PSF Quench system (No 17) to reduce suction fan rpm.
- ▶ Optimization of Packing in DTY and thereby reducing one gap plate without affecting Quality.

7. Benefits derived as a result of above efforts:

- ▶ Kuka robotics modification helped in packing of 8 layers.
- ▶ Trial and process optimization for use of new make PTA has developed new vendor for PTA.
- ▶ Reuse of recycled pallets has given saving of ₹ 0.025 million.
- ▶ Increase in FDY spool package has given saving of ₹ 0.183 million.
- ▶ Optimization of Steam condensate recovery in PSF has saved ₹ 0.077 million.
- ▶ Modification in PSF Quench system has saved ₹ 0.043 million.
- ▶ DTY packing optimisation has resulted in saving of ₹ 0.48 million.
- ▶ Supply of Intermingling air through 3.0 bar system against 4.5 bar has given saving of ₹ 0.91 million
- ▶ Modification and provision to start 4MW DG from 46 engine air bottle has saved ₹ 0.021 million.
- ▶ Energy saving in condensate extraction pump has saved ₹ 0.59 Million.

C. Foreign Exchange Earnings and Outgo of the Company:

| Earnings in Foreign Currency (accrual basis) | | (₹ In Crores) |
|---|---------------|---------------|
| Particulars | 2015-16 | 2014-15 |
| F.O.B. value of exports | 388.02 | 596.72 |
| Dividend | 0.60 | 0.52 |
| Sale of current investments (Gross consideration) | 28.98 | 0.92 |
| Total | 417.60 | 598.16 |

| CIF value of imports | | (₹ In Crores) |
|----------------------|---------------|-----------------|
| Particulars | 2015-16 | 2014-15 |
| Raw materials | 653.60 | 1,331.29 |
| Packing material | 1.01 | 0.26 |
| Stores and spares | 5.89 | 3.98 |
| Capital goods | 20.58 | 2.23 |
| Total | 681.08 | 1,337.76 |

| Expenditure in Foreign Currency (accrual basis) | | (₹ In Crores) |
|---|-------------|---------------|
| Particulars | 2015-16 | 2014-15 |
| Travelling | 1.59 | 2.24 |
| Commission | 2.34 | 3.16 |
| Interest | 3.00 | 3.03 |
| Others | 1.38 | 0.76 |
| Total | 8.31 | 9.19 |

| Net dividend remitted in Foreign Exchange* | | (₹ In Crores) |
|---|--------------------------------------|--------------------------------------|
| Particulars | 2015-16 | 2014-15 |
| Period to which dividend relates to | 1st April 2014 to 31st March 2015 | 1st April 2013 to 31st March 2014 |
| - Number of non-resident shareholders(Nos.) | 2 | 2 |
| - Number of Equity Shares held on which dividend was due (Nos.) | 43,620,465 | 43,620,465 |
| - Amount remitted USD 653,980 (Previous year USD 720,761) (₹ in Crores) | 4.36 | 4.36 |

* Excluding dividend credited to FCNR/ NRE accounts in India of Non-Resident Indians and also payments of dividend to Foreign Institutional Investors on repatriation basis.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director
(DIN: 00206807)

Place: Gurgaon
Date: : 31st August 2016

ANNEXURE - 4 TO THE BOARD'S REPORT
DETAILS OF CSR EXPENSES FOR THE FINANCIAL YEAR 2015-16

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--------------|--------------------------------------|--|--|--|--|--|---|
| Sl. No. | CSR project of activities identified | Sector in which the Project is covered | Projects or programs 1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) or project or programs wise | Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads | Cumulative expenditure upto the reporting period | Amount Spent: Direct or through implementing agency |
| 1 | Promotion of Education | Education | Nagpur, Maharashtra | 0.11 | 0.11 | 0.11 | Direct |
| 2 | Health Care | Eye donation | Jaipur, Rajasthan | 0.01 | 0.01 | 0.01 | Direct |
| Total | | | | 0.12 | 0.12 | 0.12 | |

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
 Chairman and Managing Director
 (DIN: 00206807)

Place: Gurgaon
 Date: : 31st August 2016

ANNEXURE - 5 TO THE BOARD'S REPORT

FORM NO. AOC - 2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

(₹ In Crore)

| Sl. No. | Name(s) of the related party and nature of relationship | Nature of contracts/ arrangements/ transactions | Duration of contracts/ arrangements/ transactions | Salient terms of the contracts/ arrangements/ transactions including the value, if any | Justification for entering into contracts/ arrangements/ transactions | Date(s) of approval by the Board | Amount paid as advances, if any | Date on which the special resolution was passed in general meeting (u/s 188) |
|---------|---|---|---|--|---|----------------------------------|---------------------------------|--|
|---------|---|---|---|--|---|----------------------------------|---------------------------------|--|

Not Applicable

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

(₹ In Crore)

| Sl. No. | Name(s) of the Related Party and nature of Relationship | Nature of Contracts/ Arrangements/ Transactions | Duration of the Contracts/ Arrangements/ Transactions | Main terms of the Contracts/ Arrangements/ Transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|----------------------------|---|---|---|---|--|---------------------------------|
| 1 | Indorama Petrochem Limited, Thailand, Relative | Buying PTA | General | 2.15 | 14-Aug-15 | - |
| 2 | TPT Petrochemicals Public Co. Ltd., Thailand, Relative | Buying PTA | General | 25.16 | 14-Aug-15 | - |
| 3 | PT. Indorama Petrochemicals, Indonesia, Relative | Buying PTA | General | 24.46 | 14-Aug-15 | - |
| 4 | Indorama Petrochem Limited, Thailand, Relative | Buying PTA | General | 45.02 | 14-Nov-15 | - |
| 5 | PT. Indorama Petrochemicals, Indonesia, Relative | Buying PTA | General | 15.37 | 14-Nov-15 | - |
| 6 | Wearit Global Limited, Relative | Buying PTA | General | 29.20 | 14-Nov-15 | - |
| Sub-Total PTA (A) | | | | 141.37 | | |
| 7 | Wearit Global Limited, Relative | Buying MEG | General | 21.99 | 14-Nov-15 | - |
| 8 | Wearit Global Limited, Relative | Buying MEG | General | 11.57 | 10-Feb-16 | - |
| 9 | Wearit Global Limited, Relative | Buying MEG | General | 66.73 | 18-May-16 | - |
| Sub-Total MEG (B) | | | | 100.30 | | |
| 10 | Wearit Global Limited, Relative | Sale of PSF | General | 64.16 | 14-Nov-15 | - |
| 11 | Ritspin Synthetics Limited, Relative | Sale of PSF | General | 0.004 | 14-Nov-15 | - |
| 12 | Dhanterash Sale Pvt. Limited, Relative | Sale of PSF | General | 1.50 | 14-Nov-15 | - |
| 13 | Wearit Global Limited, Relative | Sale of PSF | General | 36.69 | 10-Feb-16 | - |
| 14 | Dhanterash Sale Pvt. Limited, Relative | Sale of PSF | General | 2.44 | 10-Feb-16 | - |
| 15 | Wearit Global Limited, Relative | Sale of PSF | General | 39.62 | 18-May-16 | - |
| 16 | Dhanterash Sale Pvt. Limited, Relative | Sale of PSF | General | 14.74 | 18-May-16 | - |
| Sub-Total PSF (C) | | | | 159.15 | | |
| Grand Total (A+B+C) | | | | 400.82 | | |

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director
(DIN: 00206807)

Place: Gurgaon

Date: : 31st August 2016

STATEMENT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE BOARD'S REPORT FOR THE YEAR ENDED 31ST MARCH 2016.

| Sl. No. | Name | Designation & Nature of Duties | Remuneration (in ₹) | Qualification and Total Service Experience (Years) | Age (Years) | Date of Commencement of Employment | Last employment held before joining the Company | |
|---|---------------------------|------------------------------------|---------------------|---|-------------|------------------------------------|---|-----------------------------|
| | | | | | | | Company | Designation |
| (A) EMPLOYED THROUGHOUT THE YEAR (name of employee who receives in aggregate not less than ₹ 60 Lakhs for the year) | | | | | | | | |
| 1. | Mr. Om Prakash Lohia | Chairman & Managing Director | 2,64,90,764/- | B. Com. | 66 | 26.12.1988 | - | - |
| 2. | Mr. Vishal Lohia | Whole-time Director | 1,57,56,634/- | Bachelors' Degree in Finance & Eco., USA. | 38 | 01.04.2007 | - | - |
| 3. | Mr. Anant Kishore | Whole-time Director & CEO | 1,21,71,008/- | B.SC., Chem. Engg., PGDB & IM | 68 | 07.07.1999 | Reliance Industries Ltd | Vice President - Projects |
| 4. | Mr. Sanjeev Aggarwal | President & CFO | 1,17,18,713/- | B. Com., CA | 49 | 11.11.2014 | BC Jindal Group | Group CFO |
| 5. | Mr. Anupam Singhania | Sr. Vice President (Operations) | 66,57,458/- | B. Com., CA | 46 | 21.11.2012 | Ester Industries | Head-Finance & Accounts |
| 6. | Mr. Sanjeev Parsarampuria | Sr. Vice President (Raw Materials) | 64,08,044/- | B.Tech (Chemical), IIT Mumbai and M.SC., Purdue University, USA | 55 | 20.07.2013 | Indorama Cement Ltd. | Executive Director & CEO |
| (B) EMPLOYED FOR A PART OF THE YEAR (name of Employee who receives in aggregate not less than ₹ 5 Lakhs per month) | | | | | | | | |
| 1. | Mr. Mukul Dixit | President and Site Head | 75,80,165/- | BE (Chemical) and IIT Roorkee | 53 | 20.05.2015 | Cipla Ltd. | Head-Projects & Engineering |
| 2. | Mr. Arvind Gupta | Marketing Head | 50,99,451/- | BE (Chemical), MBA, IOWA University, USA | 50 | 01.07.2013 | Aditya Birla Group | Chief Marketing Officer |
| 3. | Mr. Chandra Bhan Kataria | Marketing Head | 9,66,083/- | B. Tech | 49 | 06.02.2016 | Winsome Yarns Ltd | Group President |

Notes:

1. Remuneration has been calculated on the basis of Section 198 of the Companies Act, 2013 and includes expenditure incurred by the Company on salary and for provision of benefits to the employees, excluding actuarial valuation of Retirement Benefits.
2. The nature of employment in all cases is contractual.
3. Except Mr. Om Prakash Lohia and Mr. Vishal Lohia, none of the employees is related to any of the Directors of the Company.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
 Chairman and Managing Director
 (DIN: 00206807)

Place: Gurgaon
 Date: 31st August 2016

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

| Sl. No. | Name of Director/KMP and Designation | Remuneration of Director/KMP for the financial year 2015-16 (₹ in Crore) | % increase in Remuneration in the financial year 2015-16 | Ratio of Remuneration of each Director/to median Remuneration of Employees | Comparison of the Remuneration of the KMP against the performance of the Company |
|---------|---|--|--|--|--|
| 1 | Mr. Mohan Lal Lohia Chairman - Emeritus | - | - | - | |
| 2 | Mr. Om Prakash Lohia Chairman and Managing Director | 2.82 | - | - | |
| 3 | Mr. Vishal Lohia Whole-time Director | 2.11 | - | - | Profit after tax increased by 344% in the financial year 2015-16 |
| 4 | Mr. Anant Kishore Whole-time Director & CEO | 1.08 | - | - | |
| 5 | Mr. Ashok Kumar Ladha Non-Executive Independent Director | \$ | \$ | \$ | |
| 6 | Mr. Suman Jyoti Khaitan Non-Executive Independent Director | \$ | \$ | \$ | \$ |
| 7 | Dr. Arvind Pandalai Non-Executive Independent Director | \$ | \$ | \$ | \$ |
| 8 | Ms. Ranjana Agarwal Non-Executive Independent Director | \$ | \$ | \$ | \$ |
| 9 | Mr. Sanjeev Aggarwal President & Chief Financial Officer | 1.17 | 5% | NA | |
| 10 | Mr. Jayantk Sood Head-Corporate & Company Secretary | 0.52 | 5% | NA | |

\$ No Remuneration, only sitting fee paid.

- ii) The median remuneration of employees of the Company during the financial year was ₹ 3.25 Lakhs.
- iii) In the financial year, there was an increase of 0.59% in the median remuneration of employees.
- iv) There were 816 permanent employees on the rolls of Company as on 31st March 2016.
- v) Relationship between average increase in remuneration and company performance: The Loss before Tax for the financial year ended 31st March 2016 increased by 344% whereas the increase in median remuneration was 5%. The average increase in median remuneration was in line with the performance of the Company.
- vi) a) Variations in the market capitalisation of the Company : The market capitalisation as on 31st March 2016 was ₹485.07 Crore (₹288.46 Crore as on 31st March 2015).

- b) Price Earnings ratio of the Company was ₹ 3.69 as at 31st March 2016 and was ₹ (1.42) as at 31st March 2015.
- c) Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year: The Company had come out with Initial Public Offer (IPO) in the year 1989. An amount of ₹ 1,000/- invested in the said IPO would be worth ₹ 3,195/- as on 31st March 2016. This is excluding the dividend accrued thereon and benefit on account of shares received at the time of right, bonus and demerger, etc.
- vii) Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year, i.e., 2015-16 was 5% whereas the increase in the managerial remuneration for the same financial year was 5%.
- viii) The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.
- ix) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year – Not Applicable.
- x) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director
(DIN: 00206807)

Place: Gurgaon
Date: : 31st August 2016

3

FINANCIAL STATEMENTS

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Independent Auditors' Report

To the Members of

Indo Rama Synthetics (India) Limited

1. Report on the Standalone Financial Statements

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

2. Management's Responsibility for the Standalone Financial Statements

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

3. Auditors' Responsibility

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

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

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

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

4. Basis for Qualified Opinion

Attention is drawn to note 39 (b) of the standalone financial statements, which enumerates recognition of interest of ₹ 10.95 crores for the year ended 31 March 2016 on the insurance claim lodged by the Company with its insurance company for the loss of certain assets and loss suffered due to business interruption at its plant in 2007-08. The said recognition of asset, is not in accordance with accounting principle stated in Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets'. Had such income not been recognised, the net loss before tax for the year would have been higher by ₹ 10.95 crores, the net profit after tax for the year would have been lower by ₹ 7.16 crores and Reserves and Surplus as at 31 March 2016 would have been lower by ₹ 7.16 crores.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the 'Basis for Qualified Opinion' paragraph above, the aforesaid standalone financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, of its profit and its cash flows for the year ended on that date.

6. Emphasis of matter

We draw attention to note 39 (a) of the standalone financial statements which describes the uncertainty related to the outcome of the lawsuit filed by the Company against an insurance company. Our opinion is not modified in respect of this matter.

7. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
- (ii) As required by section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, dealt with by this report, are in agreement with the books of account;
 - d. except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. the matter described in the 'Basis for Qualified Opinion' and matter described under 'Emphasis of matter' paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
 - f. on the basis of the written representations received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - g. the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Qualified Opinion' paragraph above;
 - h. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure II"; and
 - i. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer notes 36 and 39 to the standalone financial statements;
 - ii. the Company did not have any long term contracts, including derivative contracts outstanding as at 31 March 2016 for which there were any material foreseeable losses; and
 - iii. there has been no delay in transferring amounts that were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R and Associates**
Chartered Accountants

ICAI Firm registration number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon
Date: 18 May 2016

Annexure I referred to in paragraph 7 (i) of the Independent Auditors' Report to the Members of Indo Rama Synthetics (India) Limited on the Standalone financial statements for the year ended 31 March 2016.

- (i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets are physically verified by the management in accordance with a phased programme designed to cover all items of fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its fixed assets. In accordance with this programme, certain categories of fixed assets at certain locations have been physically verified by the management during the year. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the inventories, except for goods in transit and stocks lying with third parties, have been physically verified, at reasonable interval by the management during the year. For stocks lying with third parties at the year end, written confirmations are obtained. As informed to us, no material discrepancies were noticed on such verification.
- (iii) According to the information and explanations given to us, the Company, during the earlier periods, had granted interest free unsecured loans to a wholly owned subsidiary company covered in the register maintained under Section 189 of the Companies Act, 2013. Further, according to information and explanations given to us:
 - (a) the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
 - (b) the interest free loan is to be converted, on mutual agreement, into equity, quasi equity or debentures or repayable by 31 March 2017. Hence, the loan were not due for repayment in the current year in accordance with the stipulations.
 - (c) There is no overdue for more than ninety days.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no loans, investments, guarantees, and security where provisions of section 185 and 186 of the Act are required to be complied with. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from public during the year.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under sub section (1) of section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities.

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

INDEPENDENT AUDITORS' REPORT

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

| Name of the Statute | Nature of dues | Amount of dispute (₹ Crores) # | Amount paid under protest (₹ Crores) | Period to which it relates | Forum where dispute is pending |
|---|-----------------|-----------------------------------|---|---|---|
| The Central Excise Act, 1944 | Duty of Excise | 1.06 | - | 2002-03 | Bombay High Court, Nagpur Bench |
| | | 0.38 | - | 2005-06 | |
| | | 0.51 | - | March 2008-December 2010 | |
| | | 65.77 | 5.91 | 1996- 97 to 2009-10 | Customs, Excise and Service Tax Appellate Tribunal |
| | | 17.56 | 0.08 | 1996-97 to 2008-09 | Commissioner of Central Excise and Customs (Appeals) |
| | | 4.97 | - | 1997-98 to 2010-11 | Commissioner/ Assistant Commissioner/ Deputy Commissioner |
| Bombay Sales Tax Act, 1959/ Central Sales Tax Act, 1956 | Sales tax | 0.43 | 0.13 | 1998-99 to 1999-00 | Joint Commissioner Sales Tax (Appeals), Nagpur |
| Maharashtra VAT Act, 2002 | VAT | 22.20 | 5.60 | 2006-07, 2008-09 and 2010-11 to 2013-14 | |
| Customs Act, 1962 | Duty of Customs | 214.25 | - | 2006-07 | Supreme Court |
| | | 0.09 | - | 2002-03 | Customs, Excise and Service Tax Appellate Tribunal |
| | | 6.01 | - | 2006-07 | Commissioner of Customs |
| | | 0.04 | - | 1997- 98 to 1998-99 | Assistant Commissioner/ Deputy Commissioner |
| | | 10.68 | - | 2014-15 to 2015-16 | Commissioner |
| Finance Act, 1994 | Service tax | 0.22 | 0.08 | 2004-05 to 2009-10 | Customs, Excise and Service Tax Appellate Tribunal |
| | | 0.22 | - | 2002-03 to 2005-06 | Commissioner, Nagpur |
| | | 0.18 | - | 2010-11 to 2013-14 | Assistant/ Deputy Commissioner Nagpur |
| Income tax Act, 1961 * | Income tax | 0.26 | - | AY 2006-07 | Commissioner of Income Tax (Appeals) |
| | | 24.55 | 14.50 | AY 2002-03 to AY 2004-05 and AY 2007-08 | Income Tax Appellate Tribunal |

* excluding cases where losses / unabsorbed depreciation have been adjusted by the tax authorities without raising any demands, though disputed by the Company.

including interest/ penalties, where quantified and demanded by authorities.

- (viii) According to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. Further, there are no loans or borrowings from financial institutions or government and there are no dues to debenture holders during the year.
- (ix) According to the information and explanations given to us, the term loan taken by the Company have been applied for the purposes for which they were raised. The Company has not raised any moneys by way of initial public offer or further public offer.

- (x) According to the information and explanations given to us, no fraud by the Company and on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the managerial remuneration has been paid / provided in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013 except ₹0.62 crores which has been paid as Managerial Remuneration by the Company to one of its directors for services rendered subsequent to remuneration period approved by the Central Government vide approval SRH B61072120/4/2013-CL VII. The Company is in the process of obtaining requisite renewal of such approval subsequent to 31 March 2016.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R and Associates**
Chartered Accountants
ICAI Firm registration number: 128901W

Place: Gurgaon
Date: 18 May 2016

Jiten Chopra
Partner
Membership No.: 092894

Annexure II referred to in paragraph 7 (ii)(h) of the Independent Auditors' Report to the Members of Indo Rama Synthetics (India) Limited

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

We have audited the internal financial controls over financial reporting of **Indo Rama Synthetics (India) Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' issued by the Institute of Chartered Accountants of India. 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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' issued by the Institute of Chartered Accountants of India.

For **B S R and Associates**
Chartered Accountants
ICAI Firm registration number: 128901W

Place: Gurgaon
Date: 18 May 2016

Jiten Chopra
Partner
Membership No.: 092894

Balance Sheet

as at 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

| | Note No. | As at 31 March 2016 | As at 31 March 2015 |
|---|----------|------------------------|------------------------|
| I. Equity and liabilities | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 3 | 151.82 | 151.82 |
| (b) Reserves and surplus | 4 | 439.82 | 402.09 |
| | | 591.64 | 553.91 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 98.86 | 107.70 |
| (b) Deferred tax liabilities (net) | 6 | - | 172.96 |
| (c) Other long-term liabilities | 7 | 0.37 | 0.64 |
| (d) Long-term provisions | 8 | 18.79 | 19.90 |
| | | 118.02 | 301.20 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 9 | 177.72 | 204.94 |
| (b) Trade payables | 10 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 0.03 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 734.85 | 542.85 |
| (c) Other current liabilities | 11 | 159.99 | 124.01 |
| (d) Short-term provisions | 8 | 21.23 | 21.13 |
| | | 1,093.82 | 892.93 |
| Total | | 1,803.48 | 1,748.04 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 12.1 | 938.56 | 938.56 |
| (ii) Intangible assets | 12.2 | - | 0.05 |
| (iii) Capital work-in-progress | | 13.36 | 3.22 |
| | | 951.92 | 941.83 |
| (b) Non-current investments | 13.1 | 39.85 | 39.85 |
| (c) Long-term loans and advances | 14.1 | 20.50 | 123.23 |
| (d) Other non-current assets | 15.1 | 8.35 | 8.05 |
| | | 68.70 | 171.13 |
| (2) Current assets | | | |
| (a) Current investments | 13.2 | 0.74 | 4.28 |
| (b) Inventories | 16 | 256.71 | 273.48 |
| (c) Trade receivables | 17 | 198.09 | 115.00 |
| (d) Cash and bank balances | 18 | 82.42 | 55.68 |
| (e) Short-term loans and advances | 14.2 | 104.34 | 69.60 |
| (f) Other current assets | 15.2 | 140.56 | 117.04 |
| | | 782.86 | 635.08 |
| Total | | 1,803.48 | 1,748.04 |
| Significant accounting policies | 2 | | |
| The accompanying notes (from 1 to 45) form an integral part of the financial statements | | | |

As per our report attached.

For **B S R and Associates**
 Chartered Accountants
 ICAI Firm registration number: 128901W

Jiten Chopra
 Partner
 Membership No.: 092894

Place: Gurgaon
 Date: 18 May 2016

For and on behalf of the Board of Directors of
Indo Rama Synthetics (India) Limited

Om Prakash Lohia
 Chairman and Managing Director
 DIN: 00206807

Jayantk Sood
 Company Secretary
 ICSI Membership No.: FCS4482

Place: Gurgaon
 Date: 18 May 2016

Ashok Kumar Ladha
 Director
 DIN: 00089360

Sanjeev Aggarwal
 President and Chief Financial Officer
 ICAI Membership No.: 089369

Statement of Profit and Loss

for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

| | Note No. | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------|-------------------------------------|-------------------------------------|
| Income | | | |
| I. Revenue from operations | 19 | | |
| Sale of products (gross) | | 2,714.69 | 2,961.90 |
| Less: Excise duty | | 249.94 | 253.00 |
| Sale of products (net) | | 2,464.75 | 2,708.90 |
| Other operating revenue | | 70.90 | 52.48 |
| Revenue from operations (net) | | 2,535.65 | 2,761.38 |
| II. Other income | 20 | 30.88 | 9.81 |
| III. Total revenue (I+II) | | 2,566.53 | 2,771.19 |
| IV. Expenses: | | | |
| Cost of materials consumed | 21 | 2,019.32 | 2,192.84 |
| Changes in inventories of finished goods and work-in-progress | 22 | (52.90) | (39.84) |
| Employee benefits expense | 23 | 105.45 | 92.09 |
| Other expenses | 24 | 370.37 | 393.85 |
| Expenses before finance costs, depreciation/amortisation and exceptional items | | 2,442.24 | 2,638.94 |
| V. Profit before finance costs, depreciation/amortisation, exceptional items and tax (III-IV) | | 124.29 | 132.25 |
| VI. Finance costs | 25 | 51.66 | 43.38 |
| VII. Profit before depreciation/amortisation, exceptional items and tax (V-VI) | | 72.63 | 88.87 |
| VIII. Depreciation and amortisation expense | 12.1 & 12.2 | 77.76 | 117.16 |
| IX. Loss before exceptional items and tax (VII-VIII) | | (5.13) | (28.29) |
| X. Exceptional items | | | |
| - Foreign exchange fluctuation (loss) / gain (refer note 43(b)) | | (23.62) | 15.02 |
| - Inventory losses (refer note 21 and 22) | | (26.68) | (20.75) |
| - Others (refer note 43(c)) | | (4.23) | - |
| XI. Loss before tax (IX+X) | | (59.66) | (34.02) |
| XII. Tax expense (refer note 41): | | | |
| MAT credit taken in previous years charged off | | 57.30 | 0.58 |
| Deferred tax credit | | (172.96) | (13.07) |
| XIII. Profit / (Loss) for the year | | 56.00 | (21.53) |
| Basic and diluted earnings / (loss) per equity share (in ₹) [Face value ₹10 each] | 26 | 3.69 | (1.42) |
| Significant accounting policies | 2 | | |
| The accompanying notes (from 1 to 45) form an integral part of the financial statements | | | |

As per our report attached to the balance sheet.

For **B S R and Associates**

Chartered Accountants

ICAI Firm registration number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2016

For and on behalf of the Board of Directors of

Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director

DIN: 00206807

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Place: Gurgaon

Date: 18 May 2016

Ashok Kumar Ladha

Director

DIN: 00089360

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Cash Flow Statement

for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| A. Cash flow from operating activities | | |
| Loss before taxation | (59.66) | (34.02) |
| Adjusted for: | | |
| Depreciation and amortization (net of transfer from revaluation reserve) | 77.76 | 117.16 |
| Loss or (gain) on scrap / disposal of fixed asset | 0.09 | (3.33) |
| Provision made / (written back) for diminution in the value of investments | - | (0.09) |
| Provision for doubtful debts and advances | (0.38) | 0.85 |
| Profit on sale of current investments (net) | (25.45) | (0.99) |
| Interest income | (29.69) | (12.34) |
| Dividend income | (0.60) | (0.52) |
| Interest expense | 35.73 | 28.30 |
| Operating (loss) / profit before working capital changes | (2.20) | 95.02 |
| Changes in: | | |
| Decrease in inventories | 16.77 | 20.13 |
| (Increase) in trade receivables | (82.71) | (4.01) |
| (Increase) / decrease in short term loans and advances and other current assets | (10.88) | 55.57 |
| (Increase) in long term loans and advances | (1.00) | (1.02) |
| (Increase) in other non current assets | (0.30) | (0.44) |
| Increase in trade payables | 192.03 | 12.20 |
| (Decrease) in other non current liabilities | (0.27) | (0.19) |
| Increase in other current liabilities | 17.12 | 3.24 |
| (Decrease) / Increase in long term provisions | (1.11) | 1.76 |
| Increase in short term provisions | 0.10 | 0.19 |
| Cash generated from operations | 127.55 | 182.45 |
| Income tax paid | (0.83) | (0.51) |
| Net cash flow from operating activities (A) | 126.72 | 181.94 |
| B. Cash flows from investing activities | | |
| Purchase of fixed assets | (46.13) | (9.37) |
| Sale of fixed assets | 0.46 | 17.37 |
| Sale of current investments (net) | 28.99 | 0.14 |
| Income from renunciation of rights issue | - | 0.85 |
| Purchase of non current non trade investments | - | (2.86) |
| Movement in bank deposits (net) (having original maturity of more than 3 months) | (44.57) | (1.66) |
| Repayment from subsidiary company | 1.77 | 0.11 |
| Dividend received | 0.60 | 0.52 |
| Interest received | 25.50 | 11.10 |
| Net cash flow (used) in / from investing activities (B) | (33.38) | 16.20 |

CASH FLOW STATEMENT

(All amounts in ₹ crores, unless otherwise stated)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| C. Cash flows used in financing activities | | |
| Long-term borrowings repaid during the year | (30.39) | (101.71) |
| Long-term borrowings taken during the year | - | 4.14 |
| Short term borrowings repaid during the year (net) | (27.22) | (40.91) |
| Payment of dividend | (15.17) | (15.16) |
| Taxes on dividend | (3.09) | (2.58) |
| Interest paid | (35.30) | (30.84) |
| Net cash flow used in financing activities (C) | (111.17) | (187.06) |
| Net changes in cash and cash equivalents (A+B+C) | (17.83) | 11.08 |
| Cash and cash equivalents - opening balance | 23.69 | 12.61 |
| Cash and cash equivalents - closing balance | 5.86 | 23.69 |
| Components of cash and cash equivalents (refer note 18) | | |
| Cash in hand | 0.92 | 0.27 |
| With scheduled banks: | | |
| In current accounts | 4.94 | 10.98 |
| In margin money accounts (currently not available for use by the Company) | - | 12.44 |
| Total | 5.86 | 23.69 |

Notes:

- The accompanying notes (from 1 to 45) form an integral part of the financial statements.
- The Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard - 3 'Cash Flow Statements', as specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies Amendment Rules, 2014.

As per our report attached to the balance sheet.

For B S R and Associates

Chartered Accountants

ICAI Firm registration number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2016

For and on behalf of the Board of Directors of

Indo Rama Synthetics (India) Limited**Om Prakash Lohia**

Chairman and Managing Director

DIN: 00206807

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Place: Gurgaon

Date: 18 May 2016

Ashok Kumar Ladha

Director

DIN: 00089360

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Notes

to the Financial Statements for the year ended 31 March 2016

1. General information

Indo Rama Synthetics (India) Limited (hereinafter referred to as 'the Company' or 'IRSL') is a manufacturer of Polyester Filament Yarn (PFY), Polyester Staple Fibre (PSF), Draw Texturised Yarn (DTY), Specialty Fiber and Chips. The Company is also engaged in power generation, which is used primarily for captive consumption. The Company's manufacturing facilities are located at Butibori, Nagpur.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention, modified to include revaluation of certain fixed assets, on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP primarily comprises mandatory accounting standards as specified under the section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, and other accounting pronouncements of the Institute of Chartered Accountants of India.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the year. Differences between actual results and estimates are recognized in the year in which the results are known or materialized. Examples of such estimates are estimated useful life of assets, classification of assets/liabilities as current or non-current in certain circumstances, recoverability of minimum alternate tax credit entitlement, provision for doubtful receivables and retirement benefits, etc. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Current/ non-current classification

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

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;

- c) it is expected to be realized within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company considers its operating cycle to be within a year.

2.4 Fixed assets

Fixed assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of qualifying assets, upto the date of commissioning of assets.

Foreign currency exchange differences are capitalized as per the policy stated in note 2.12 (b) below.

2.5 Depreciation/ amortization

- ▶ Leasehold land and cost of leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.

Notes

to the Financial Statements for the year ended 31 March 2016

- Depreciation on other fixed assets (excluding software) is provided using the straight line method at the rates based on following useful lives of assets estimated by the management:

| Particulars | Useful life |
|--|--------------------|
| Factory buildings/ Non factory buildings | 28 years/ 58 years |
| Plant and equipment (Continuous Process Plant) | 18 years |
| Furniture and fixtures | 15 years |
| Vehicles | 10 years |
| Office equipment/ Computer and Peripherals | 20 years/ 6 years |

The above useful lives are arrived at, based on the internal technical assessment of the management, are currently reflective of the estimated useful lives of the fixed assets.

- Fixed assets individually costing up to rupees five thousand are depreciated at the rate of 100% over a period of one year.
- Software are amortised on straight line method over a period of three years.

2.6 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, had no impairment loss been recognized.

2.7 Borrowing costs

Borrowing costs that are attributable to the acquisition or

construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

2.8 Investments

Long-term investments (including its current portion) are carried at cost less diminution, other than temporary, in value. Current investments are carried at the lower of cost and fair value, which is computed category wise.

2.9 Inventories

- Stores and spare parts are valued at cost or under, computed on weighted average basis.
- Raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. Finished goods and work-in-progress include material cost and appropriate portion of manufacturing and other overheads. Cost is ascertained on a weighted average basis.

2.10 Revenue recognition

i) Sale of goods

Revenue from sale of products is recognized when the products are dispatched against orders from customers in accordance with the contract terms, which coincides with the transfer of significant risks and rewards.

Sales are stated inclusive of excise duty and net of rebates, trade discounts, sales tax and sales returns.

ii) Sale of power

Sale of power is recognized on the basis of actual quantity of power sold with reference to the contracted rate.

iii) Insurance claims

Insurance claims are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain (Also refer to note 39).

iv) Dividend

Dividend from investments is recognized when the right to receive dividend is established.

v) Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

Notes

to the Financial Statements for the year ended 31 March 2016

2.11 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating lease. Operating lease charges are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.12 Foreign exchange transactions and forward contracts

Foreign exchange transactions

- a) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences, other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities, are dealt with in the Statement of Profit and Loss.
- b) In accordance with Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", exchange differences arising in respect of long term foreign currency monetary items used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.
- c) In case of foreign exchange forward contracts taken for underlying transactions, and covered by Accounting Standard 11, "Accounting for the Effects of Changes in Foreign Exchange Rates", the premium or discount is amortised as income or expense over the life of the contract. The exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange difference is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Any profit or loss arising on the cancellation or renewal of such contracts is recognized as income or expense for the year.

- d) Forward exchange contracts taken for highly probable/ forecast transactions, which are not covered by Accounting Standard 11, are marked to market in accordance with the principles under AS 30 "Financial

Instruments: Recognition and Measurement", issued by the Institute of Chartered Accountants of India. The Company records the gain or loss on effective hedges, if any, in the Hedging Reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of the period in which such transaction is concluded. To designate a forward contract or option as an effective hedge, management objectively evaluates with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the Statement of Profit and Loss.

2.13 Employee benefits

a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and bonus, etc., are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

b) Post-employment benefits

Defined contribution plan

The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognized in the Statement of Profit and Loss in the financial year to which they relate.

Defined benefit plan

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

c) Other long term employee benefits

Entitlements to annual leave are recognized when they accrue to employees. Leave entitlements may be availed

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while in service or encashed at the time of retirement/ termination of employment, subject to a restriction on the maximum number of accumulation. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

2.14 Taxation

Income tax expense comprises current tax and deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognized using the tax rates that have been enacted or substantively enacted on the balance sheet date.

Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognized only if there is virtual certainty of realization of such amounts. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed at each balance sheet date to reassess their realisability.

The credits arising from Minimum Alternate Tax paid are recognized as receivable only if there is reasonable certainty together with convincing/ reliable evidence that the Company will have sufficient taxable income in future years to utilize such credits.

2.15 Government grants

Government grants specifically receivable as a reduction of interest charge under the grants scheme is netted off from the interest charge for the year.

2.16 Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.17 Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 3: Share capital

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Authorised | | |
| 185,000,000 (previous year 185,000,000) equity shares of ₹10 each | 185.00 | 185.00 |
| Issued, subscribed and fully paid-up | | |
| 151,822,242 (previous year 151,822,242) equity shares of ₹10 each fully paid-up | 151.82 | 151.82 |
| | 151.82 | 151.82 |

Foot notes :

- During the current year and in the previous year, there have been no movements in the number of outstanding equity shares.
- The Company has only one class of equity shares, having a par value of ₹10 per share. Each shareholder is eligible to one vote per share held, except for shares held against Global Depository Receipts (GDR). The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- Shares in the Company held by each shareholder holding more than 5% shares (also refer note 4 below) are as under:-

| Names | As at 31 March 2016 | | As at 31 March 2015 | |
|--|---------------------|------------------|---------------------|------------------|
| | Number of shares | % of shares held | Number of shares | % of shares held |
| Brookgrange Investments Limited | 4,32,88,057 | 28.51 | 4,32,88,057 | 28.51 |
| Mr. O.P.Lohia (Chairman and Managing Director) | 3,79,84,000 | 25.02 | 3,53,78,350 | 23.30 |
| Mrs. Urmila Lohia | 1,81,84,518 | 11.98 | 1,58,55,314 | 10.44 |
| APMS Investment Fund Limited | 1,26,52,175 | 8.33 | 1,26,52,175 | 8.33 |
| | 11,21,08,750 | 73.84 | 10,71,73,896 | 70.58 |

- Above equity shares of ₹ 10 each include 10,290,560 equity shares (representing 6.78% of total number of shares), outstanding against 1,286,320 Global Depository Receipts (GDR), each GDR comprising 8 underlying fully paid up equity shares of ₹ 10 each (previous year 10,290,560 equity shares (representing 6.78% of total number of shares), outstanding against 1,286,320 GDRs). Since, the same are held by depository, details of individual beneficiaries is not available with the Company.

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(All amounts in ₹ crores, unless otherwise stated)

Note 4: Reserves and surplus

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Capital reserve | | |
| As at the beginning and at the end of the year | 20.38 | 20.38 |
| Securities premium account | | |
| As at the beginning and at the end of the year | 166.22 | 166.22 |
| Revaluation reserve | | |
| Opening balance | 14.91 | 25.43 |
| Less: transferred to general reserve | 0.85 | 10.52 |
| Closing balance | 14.06 | 14.91 |
| General reserve | | |
| Opening balance | 58.13 | 47.61 |
| Add: amount transferred from revaluation reserve | 0.85 | 10.52 |
| Closing balance | 58.98 | 58.13 |
| Surplus in the Statement of Profit and Loss | | |
| Opening balance | 142.45 | 182.25 |
| Profit / (loss) after tax for the year | 56.00 | (21.53) |
| Less: Appropriations: | | |
| Proposed dividend (refer note 8) | 15.18 | 15.18 |
| Tax on dividend (refer note 8) | 3.09 | 3.09 |
| Net surplus in the Statement of Profit and Loss | 180.18 | 142.45 |
| Total reserves and surplus | 439.82 | 402.09 |

Note 5: Long-term borrowings

| | Total | | Non-current portion | | Current portion | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2016 | As at 31 March 2015 |
| Secured : | | | | | | |
| Loans from banks | | | | | | |
| Term loans | | | | | | |
| - Rupee loans | 71.81 | 95.68 | 44.94 | 71.78 | 26.87 | 23.90 |
| - Foreign currency loans | 71.90 | 71.92 | 53.92 | 35.92 | 17.98 | 36.00 |
| | 143.71 | 167.60 | 98.86 | 107.70 | 44.85 | 59.90 |
| Less: | | | | | | |
| Amounts disclosed under the head "other current liabilities" (refer note 11) | - | - | - | - | (44.85) | (59.90) |
| | 143.71 | 167.60 | 98.86 | 107.70 | - | - |

| Nature of security | Terms of repayment |
|---|---|
| a) Rupee term loans from banks: | |
| i) Amounting to ₹ 2.67 crores (previous year ₹ 8.00 crores) are secured by specific charge over specific assets purchased under the loan agreement. | Repayable in 18 equal quarterly installments of ₹ 1.33 crores each commencing from June 2012, along with interest at bank rate plus 1.50%. |
| ii) Amounting to ₹ 15.26 crores (previous year ₹ 20.82 crores) are secured by exclusive charge on the captive power plant at Butibori, Maharashtra. | Repayable in 18 equal quarterly installments of ₹ 1.39 crores each commencing from 30 September 2014 along with interest at 3.25% over base rate. |

Notes

to the Financial Statements for the year ended 31 March 2016

| Nature of security | Terms of repayment |
|---|---|
| iii) Amounting to ₹ 53.12 crores (previous year ₹65.63 crores) are secured primarily by first pari-passu charge on the current assets and collaterally by first pari-passu charge on the fixed assets of the company. Further, the same is secured by the personal guarantee of promoters, i.e., Mr. Om Prakash Lohia and Mr. Vishal Lohia. | Repayable in 8 equal quarterly installments of ₹ 3.12 crores each commencing from 30 September 2014 and 10 equal quarterly installments of ₹ 5 crores thereafter, along with interest at 3% over base rate. |
| iv) Aggregating to ₹ 0.76 crores (previous year ₹ 1.23 crores) are secured by hypothecation of specific vehicles. | (a) ₹ Nil (previous year ₹ 0.05 crores) repayable in 36 monthly installments commencing from January 2013. (b) ₹ 0.56 crores (previous year ₹ 0.91 crores) repayable in 36 monthly instalments commencing from September 2014. (c) ₹ 0.08 crores (previous year ₹ 0.14 crores) repayable in 36 monthly instalments commencing from June 2014. (d) ₹ 0.05 crores (previous year ₹ 0.08 crores) repayable in 36 monthly instalments commencing from May 2014. (e) ₹ 0.03 crores (previous year ₹ 0.05 crores) repayable in 36 monthly instalments commencing from June 2014. (f) ₹ 0.04 crores (previous year ₹ Nil) repayable in 36 monthly instalments commencing from Nov 2015. The outstanding amount of borrowings taken for vehicles is ₹ 0.76 crores (previous year ₹ 1.23 crores) out of which current maturity payable next year amounts to ₹ 0.53 crores (previous year ₹ 0.51 crores). |
| b) Foreign currency term loans from banks: | |
| i) Amounting to ₹ 46.40 crores (previous year ₹ 45.46 crores), are secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat. | The outstanding loan is repayable in 8 semi-annual installments in April and October every year with interest at six months EURIBOR plus 0.95%. The loan is to be repaid by October 2019. Amount payable within one year amounts to ₹ 11.60 crores (previous year ₹ 22.77 crores). |
| ii) Amounting to ₹ 25.50 crores (previous year ₹ 26.46 crores) are secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat. | The outstanding loan is repayable in 8 semi-annual installments in April and October every year with interest at six months LIBOR plus 0.95%. The loan is to be repaid by October 2019. Amount payable within one year amounts to ₹ 6.38 crores (previous year ₹13.23 crores). |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 6: Deferred tax liabilities (net)

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Deferred tax liability on account of: | | |
| - Fixed assets | 182.60 | 179.47 |
| Deferred tax assets on account of: | | |
| - Unabsorbed depreciation* | 176.28 | - |
| - Effect of expenditure debited to statement of profit and loss in the current/earlier years but allowable for tax purposes in following years | 4.63 | 4.72 |
| - Provision for doubtful debts and advances | 1.69 | 1.79 |
| | 182.60 | 6.51 |
| Net deferred tax liability | - | 172.96 |

* In view of absence of virtual certainty of realisation of unabsorbed depreciation, during the year the Company has recognized deferred tax assets on unabsorbed depreciation to the extent of the availability of future taxable income, by virtue of the future reversal of deferred tax liability (refer note 41(b)).

Note 7: Other long-term liabilities

| | As at 31 March 2016 | As at 31 March 2015 |
|----------------------------|------------------------|------------------------|
| Lease equalisation reserve | 0.37 | 0.64 |
| | 0.37 | 0.64 |

Note 8: Provisions

| | Long-term | | Short-term | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2016 | As at 31 March 2015 |
| Provision for employee benefits | | | | |
| - Gratuity (refer note 32) | 12.11 | 12.65 | 1.01 | 1.00 |
| - Compensated absences (refer note 32) | 6.68 | 7.25 | 1.95 | 1.86 |
| | 18.79 | 19.90 | 2.96 | 2.86 |
| Others | | | | |
| Proposed dividend | - | - | 15.18 | 15.18 |
| Tax on proposed dividend * | - | - | 3.09 | 3.09 |
| | - | - | 18.27 | 18.27 |
| | 18.79 | 19.90 | 21.23 | 21.13 |

* During the current year, the Company has declared a dividend of ₹ 1 (previous year ₹ 1) per equity share of ₹ 10 each.

Note 9: Short-term borrowings

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Loans repayable on demand (Secured) | | |
| From banks: | | |
| Cash credit and working capital facilities | 177.72 | 204.94 |
| | 177.72 | 204.94 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Nature of security

Cash credit and other working capital facilities from banks are secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores and spares, packing material, goods at port/in transit/under shipment, outstanding money, book debts, receivables and other current assets of the Company, both present and future. These are further secured by a second charge on all the immovable properties of the Company, both present and future.

Note 10: Trade payables

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Acceptances | 351.69 | 163.52 |
| Sundry creditors | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note 40) | 0.03 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 383.16 | 379.33 |
| | 734.88 | 542.85 |

Note 11: Other current liabilities

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Current maturities of long-term borrowings (refer note 5) | 44.85 | 59.90 |
| Interest accrued but not due on borrowings | 0.67 | 0.62 |
| Unpaid dividends* | 0.39 | 0.38 |
| Advances from customers | 22.31 | 12.55 |
| Lease equalisation reserve | 0.27 | 0.17 |
| Other payables: | | |
| Payable to employees | 18.65 | 16.15 |
| Creditors towards fixed assets ** # | 42.23 | 8.38 |
| Statutory dues payable | | |
| - Excise duty on finished goods | 12.92 | 8.91 |
| - Customs duty | 14.11 | 15.00 |
| - Tax deducted at source | 2.45 | 0.88 |
| - Other statutory dues | 1.14 | 1.07 |
| | 159.99 | 124.01 |

Note:

* There are no outstanding dues to be paid to Investor Education and Protection Fund.

** Including acceptances of ₹ 5.19 crores (previous year ₹ Nil).

includes amounts payable to micro enterprises and small enterprises ₹ Nil (previous year ₹ Nil).

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 12.1: Fixed Assets - Tangible assets

As at 31 March 2016

| Asset description | Gross block | | | Depreciation | | | Net block | |
|------------------------|------------------------|--------------|---------------------------|------------------------|-----------------------|------------------------------|--|-----------------------|
| | As at 31 March 2015 | Additions | Disposals/ adjustments | As at 31 March 2016 | Upto 31 March 2015 | Depreciation for the year | In respect of disposals/ adjustments | Upto 31 March 2016 |
| Land: | | | | | | | | |
| - freehold | 0.16 | - | - | 0.16 | - | - | - | 0.16 |
| - leasehold | 9.14 | - | - | 9.14 | 1.76 | 0.10 | - | 1.86 |
| Buildings | 156.71 | 1.67 | - | 158.38 | 51.53 | 3.78 | - | 55.31 |
| Leasehold improvements | 3.22 | - | - | 3.22 | 1.95 | 0.36 | - | 2.31 |
| Plant and equipment | 3,011.69 | 75.56 | 3.70 | 3,083.55 | 2,197.04 | 71.99 | 3.51 | 2,265.52 |
| Furniture and fixtures | 8.82 | 0.23 | 0.15 | 8.90 | 6.70 | 0.20 | 0.05 | 6.85 |
| Vehicles | 6.53 | 0.05 | 0.01 | 6.57 | 3.51 | 0.46 | - | 3.97 |
| Office equipments | 18.98 | 0.75 | 0.49 | 19.24 | 14.20 | 0.82 | 0.24 | 14.78 |
| Total | 3,215.25 | 78.26 | 4.35 | 3,289.16 | 2,276.69 | 77.71 | 3.80 | 2,350.60 |

As at 31 March 2015

| Asset description | Gross block | | | Depreciation | | | Net block | |
|------------------------|------------------------|--------------|---------------------------|------------------------|-----------------------|------------------------------|--|-----------------------|
| | As at 31 March 2014 | Additions | Disposals/ adjustments | As at 31 March 2015 | Upto 31 March 2014 | Depreciation for the year | In respect of disposals/ adjustments | Upto 31 March 2015 |
| Land: | | | | | | | | |
| - freehold | 0.16 | - | - | 0.16 | - | - | - | 0.16 |
| - leasehold | 9.14 | - | - | 9.14 | 1.66 | 0.10 | - | 1.76 |
| Buildings | 156.71 | - | - | 156.71 | 47.75 | 3.78 | - | 51.53 |
| Leasehold improvements | 3.22 | - | - | 3.22 | 1.59 | 0.36 | - | 1.95 |
| Plant and equipment | 3,045.08 | 8.15 | 41.54 | 3,011.69 | 2,113.42 | 111.32 | 27.70 | 2,197.04 |
| Furniture and fixtures | 8.93 | 0.01 | 0.12 | 8.82 | 6.58 | 0.20 | 0.08 | 6.70 |
| Vehicles | 4.98 | 1.70 | 0.15 | 6.53 | 3.21 | 0.41 | 0.11 | 3.51 |
| Office equipments | 19.03 | 0.23 | 0.28 | 18.98 | 13.75 | 0.61 | 0.16 | 14.20 |
| Total | 3,247.25 | 10.09 | 42.09 | 3,215.25 | 2,187.96 | 116.78 | 28.05 | 2,276.69 |

Notes:-

- Fixed assets comprising of plant and equipment, buildings and land were revalued by an external valuer as on 31 March 2000. The valuation was based on fair market price/ other relevant indices and resulted in increase in the gross block by ₹ 203.20 crores at that time. The balance of revaluation reserve as at the end of year amounts to ₹ 14.06 crores (previous year ₹ 14.91 crores).
- Additions to plant and equipment include loss on foreign exchange fluctuation ₹ 6.95 crores (previous year ₹ Nil). (refer note 2.12(b)).
- Disposal/adjustments to plant and equipment include gain on foreign exchange fluctuation ₹ Nil (previous year ₹ 11.65 crores).

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 12.2: Fixed Assets - Intangible assets

As at 31 March 2016

| Asset description | Gross block | | | Amortisation | | Net block | |
|-------------------|------------------------|-----------|---------------------------|------------------------|-----------------------|--|-----------------------|
| | As at 31 March 2015 | Additions | Disposals/ adjustments | As at 31 March 2016 | Upto 31 March 2015 | In respect of disposals/ adjustments | Upto 31 March 2016 |
| Computer Software | 3.24 | - | - | 3.24 | 3.19 | 0.05 | 3.24 |
| Total | 3.24 | - | - | 3.24 | 3.19 | 0.05 | 3.24 |

As at 31 March 2015

| Asset description | Gross block | | | Amortisation | | Net block | |
|-------------------|------------------------|-----------|---------------------------|------------------------|-----------------------|--|-----------------------|
| | As at 31 March 2014 | Additions | Disposals/ adjustments | As at 31 March 2015 | Upto 31 March 2014 | In respect of disposals/ adjustments | Upto 31 March 2015 |
| Computer Software | 3.24 | - | - | 3.24 | 2.81 | 0.38 | 3.19 |
| Total | 3.24 | - | - | 3.24 | 2.81 | 0.38 | 3.19 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 13.1: Non-current investments (valued at cost unless otherwise stated)

| | No. | As at 31 March 2016 | No. | As at 31 March 2015 |
|---|-------------|------------------------|-------------|------------------------|
| Other than trade investments (Unquoted) | | | | |
| Equity shares | | | | |
| Fully paid up equity shares of ₹ 10 each | | | | |
| Indo Rama Renewables Limited (wholly owned subsidiary) | 3,98,43,677 | 39.85 | 3,98,43,677 | 39.85 |
| Ritspin Synthetics Limited | 15,00,000 | 1.50 | 15,00,000 | 1.50 |
| Less: provision for other than temporary diminution in the value of non-current investments | | (1.50) | | (1.50) |
| | | - | | - |
| Aggregate book value of unquoted non-current investments | | 39.85 | | 39.85 |

Note 13.2: Current investments

| | No. | As at 31 March 2016 | No. | As at 31 March 2015 |
|--|----------|------------------------|-----------|------------------------|
| Current investments (carried at the lower of cost and fair value) | | | | |
| A) Equity shares, quoted | | | | |
| Fully paid up equity shares of ₹ 10 each | | | | |
| Optel Telecommunications Limited | 52,501 | 0.37 | 52,501 | 0.37 |
| Sanghi Polyesters Limited | 7,08,400 | 2.34 | 7,08,400 | 2.34 |
| Reliance Industries Limited | 10 | -.* | 10 | -.* |
| Fully paid up equity shares of ₹ 5 each | | | | |
| Balasore Alloys Limited | 72,601 | 0.17 | 72,601 | 0.17 |
| Fully paid up equity shares of 1 Baht each | | | | |
| Indorama Ventures Public Company Limited, Thailand | - | - | 75,09,200 | 0.83 |
| | | 2.88 | | 3.71 |
| Less: provision for diminution in the value of current investments | | 2.77 | | - |
| | | 0.11 | | 3.71 |
| B) Preference shares, quoted | | | | |
| Fully paid-up preference shares of ₹10 each | | | | |
| 0.01% Cumulative redeemable preference shares | | | | |
| JSW Steel Limited | 8,92,000 | 0.89 | 8,92,000 | 0.89 |
| Less: provision for diminution in the value of current investments | | 0.26 | | 0.32 |
| | | 0.63 | | 0.57 |
| C) Government securities, unquoted | | | | |
| National Savings Certificates VIth issue | | | | |
| (pledged with sales tax authorities) | | -.** | | -.** |
| | | 0.74 | | 4.28 |

Additional disclosures for current investments

| | As at 31 March 2016 | | As at 31 March 2015 | |
|--|----------------------|---------------------------------|----------------------|---------------------------------|
| | Aggregate Book Value | Market Value/ Net Asset Value # | Aggregate Book Value | Market Value/ Net Asset Value # |
| Quoted investments | | | | |
| - Equity shares | 0.11 | 0.11 | 3.71 | 37.62 |
| - Preference shares | 0.63 | 0.63 | 0.57 | 0.57 |
| | 0.74 | 0.74 | 4.28 | 38.19 |
| Book value of unquoted investments | | | | |
| | -.** | | -.** | |
| Aggregate diminution in the value of current investments | 3.03 | | 0.32 | |

* ₹ 7,780 (previous year ₹ 7,780).

** ₹ 4,000 (previous year ₹ 4,000).

excluding for equity shares of Sanghi Polyesters Limited and Optel Telecommunications Limited in respect of which market value are not available.

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 14.1: Long-term loans and advances

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| To parties other than related (unsecured) | | |
| Considered good : | | |
| Capital advances | 0.80 | 2.72 |
| Security deposits | 2.15 | 1.97 |
| Other loans and advances : | | |
| Surrender value of keyman insurance | 5.57 | 4.80 |
| MAT credit entitlement (refer note 41(a)) | - | 57.30 |
| Advance tax [net of provision ₹106.42 crores (previous year ₹106.42 crores)] | 11.29 | 10.46 |
| Others | 0.69 | 0.64 |
| | 20.50 | 77.89 |
| Considered doubtful : | | |
| Advances to vendors | 1.80 | 1.80 |
| Less : provision for doubtful advances | 1.80 | 1.80 |
| | - | - |
| | 20.50 | 77.89 |
| To related parties (unsecured, considered good) | | |
| Indo Rama Renewables Limited (wholly owned subsidiary) (refer note 37) | - | 45.34 |
| | 20.50 | 123.23 |

Note 14.2: Short-term loans and advances

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| To parties other than related (unsecured) | | |
| Considered good : | | |
| Others : | | |
| Customs and excise duty | 43.01 | 37.50 |
| Prepaid expenses | 5.37 | 5.04 |
| Advances to vendors | 11.65 | 26.01 |
| Advances to employees | 0.74 | 1.05 |
| | 60.77 | 69.60 |
| To related parties (unsecured, considered good) | | |
| Indo Rama Renewables Limited (wholly owned subsidiary) (refer note 37) | 43.57 | - |
| | 104.34 | 69.60 |

Note 15.1: Other non-current assets

| | As at 31 March 2016 | As at 31 March 2015 |
|------------------------------|------------------------|------------------------|
| Claims and other receivables | 8.35 | 8.05 |
| | 8.35 | 8.05 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 15.2: Other current assets

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Claims and other receivables | 119.13 | 100.41 |
| Forward cover receivable (net) | 14.51 | 13.90 |
| Interest accrued on deposits and others | 6.92 | 2.73 |
| | 140.56 | 117.04 |

Note 16: Inventories

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Raw materials [include in transit ₹ 7.93 crores (previous year ₹ 84.92 crores)] | 102.77 | 152.27 |
| Work- in-progress * | 19.76 | 14.08 |
| Finished goods [include in transit ₹ 4.99 crores (previous year ₹ 8.59 crores)] * | 112.52 | 91.04 |
| Stores and spares [include in transit ₹ Nil (previous year ₹ 0.05 crores)] # | 13.95 | 13.01 |
| Packing material # | 4.12 | 2.64 |
| Waste \$ | 3.59 | 0.44 |
| | 256.71 | 273.48 |

* valued at the lower of cost and net realisable value. The inventories were reduced by ₹ 1.50 crores (previous year ₹ 1.10 crores) on account of net realisable value being lower than the cost.

valued at cost or under.

\$ at realisable value.

Additional disclosures regarding inventories

Raw materials

| | | |
|----------------------------|---------------|---------------|
| Purified Terephthalic Acid | 14.79 | 98.08 |
| Mono Ethylene Glycol | 76.88 | 45.98 |
| Others | 11.10 | 8.21 |
| | 102.77 | 152.27 |

Work-in-progress

| | | |
|-------------------------|--------------|--------------|
| Polyester Staple Fibre | 7.95 | 7.08 |
| Polyester Filament Yarn | 6.04 | 4.25 |
| Draw Texturised Yarn | 5.48 | 2.75 |
| Polyester Chips | 0.29 | - |
| | 19.76 | 14.08 |

Finished goods

| | | |
|-------------------------|---------------|--------------|
| Polyester Staple Fibre | 52.16 | 36.96 |
| Polyester Filament Yarn | 23.90 | 21.28 |
| Draw Texturised Yarn | 35.76 | 32.58 |
| Polyester Chips | 0.70 | 0.22 |
| | 112.52 | 91.04 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 17: Trade receivables

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| - Receivables outstanding for a period exceeding six months from the date they became due for payment. | | |
| - Unsecured, considered good | 13.15 | 2.15 |
| - Unsecured, considered doubtful | 3.08 | 3.46 |
| | 16.23 | 5.61 |
| Less:- Provision | 3.08 | 3.46 |
| | 13.15 | 2.15 |
| - Other receivables, unsecured and considered good | 184.94 | 112.85 |
| | 198.09 | 115.00 |

Note 18: Cash and bank balances

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 0.92 | 0.27 |
| Balances with banks: | | |
| - Current accounts | 4.94 | 10.98 |
| Fixed deposits with original maturity period of upto three months # | - | 12.44 |
| | 5.86 | 23.69 |
| Other bank balances : | | |
| Fixed deposits with banks due to mature within 12 months of reporting date # | 68.57 | 31.53 |
| Balances with bank: | | |
| - Unpaid dividends * | 0.39 | 0.38 |
| Margin money accounts ** | 7.60 | 0.08 |
| | 76.56 | 31.99 |
| | 82.42 | 55.68 |

Pledged with banks for credit limits.

* Earmarked against the corresponding provision.

** Pledged with banks for performance guarantees issued to government authorities on behalf of the Company.

Note 19: Revenue from operations

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Sale of products | | |
| Finished goods | 2,714.69 | 2,961.90 |
| Less: Excise duty | 249.94 | 253.00 |
| | 2,464.75 | 2,708.90 |
| Other operating revenue | | |
| Scrap sales | 11.24 | 9.16 |
| VAT refund | 29.76 | 27.83 |
| Interest from customers | 13.91 | 9.41 |
| Interest on insurance claim (refer note 39 (b)) | 10.95 | - |
| Others | 5.04 | 6.08 |
| | 70.90 | 52.48 |
| Revenue from operations (net) | 2,535.65 | 2,761.38 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Breakup of revenue from sale of products :

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|-------------------------------|-------------------------------------|-------------------------------------|
| Sale of finished goods | | |
| Polyester Staple Fibre | 1,485.77 | 1,641.67 |
| Polyester Filament Yarn | 472.96 | 555.13 |
| Draw Texturised Yarn | 734.17 | 750.47 |
| Polyester Chips | 11.89 | 0.48 |
| Power | 0.08 | 0.75 |
| Product Waste | 9.82 | 13.40 |
| | 2,714.69 | 2,961.90 |

Note 20: Other income

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Interest on fixed deposits | 4.83 | 2.93 |
| Dividend income from current investments | 0.60 | 0.52 |
| Profit on sale of current investments (net) | 25.45 | 0.99 |
| Reversal of provision for diminution in the value of current investments | - | 0.09 |
| Gain on sale of fixed assets | - | 3.33 |
| Miscellaneous income | - | 1.95 |
| | 30.88 | 9.81 |

Note 21: Cost of materials consumed

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Raw materials : | | |
| Purified Terephthalic Acid | 1,346.81 | 1,540.54 |
| Mono Ethylene Glycol | 607.63 | 611.70 |
| Others | 68.97 | 55.86 |
| | 2,023.41 | 2,208.10 |
| Less: write down of inventory, considered as exceptional item (refer note 43(a)) | (4.09) | (15.26) |
| | 2,019.32 | 2,192.84 |

Note 22: Changes in inventories of finished goods and work-in-progress

| | As at 31 March 2016 | As at 31 March 2015 | (Increase)/decrease during the year ended 31 March 2016 |
|--|------------------------|------------------------|---|
| Inventories at the end of the year | | | |
| - Finished goods | 112.52 | 91.04 | (21.48) |
| - Work-in-progress | 19.76 | 14.08 | (5.68) |
| - Waste | 3.59 | 0.44 | (3.15) |
| | 135.87 | 105.56 | (30.31) |
| Inventories at the beginning of the year | | | 31 March 2015 |
| -Finished goods | 91.04 | 60.73 | (30.31) |
| -Work-in-progress | 14.08 | 10.01 | (4.07) |
| -Waste | 0.44 | 0.47 | 0.03 |
| | 105.56 | 71.21 | (34.35) |
| Write down of inventory, considered as exceptional item (refer note 43(a)) | (22.59) | (5.49) | |
| (Increase) / Decrease during the year | (52.90) | (39.84) | |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 23: Employee benefits expense

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus | 95.37 | 82.49 |
| Contribution to provident and other funds (refer note 32) | 5.11 | 4.92 |
| Workmen and staff welfare expenses | 4.97 | 4.68 |
| | 105.45 | 92.09 |

Note 24: Other expenses

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Consumption of stores and spares | 27.29 | 33.05 |
| Power and fuel | 165.17 | 183.25 |
| Rent and hire charges (refer note 35) | 6.76 | 5.65 |
| Repairs and maintenance: | | |
| - plant and machinery | 16.82 | 14.93 |
| - buildings | 1.57 | 2.30 |
| - others | 6.00 | 6.19 |
| Insurance | 1.61 | 1.73 |
| Less: Recovery | 0.48 | 0.91 |
| Rates and taxes | 2.07 | 1.43 |
| Packing materials consumed | 55.14 | 50.67 |
| Freight and forwarding charges | 103.24 | 106.73 |
| Less : Recovery | 77.73 | 67.90 |
| Brokerage and commission on sales (other than to sole selling agents) | 10.00 | 10.04 |
| Cash discounts and claims | 10.60 | 3.84 |
| Directors' sitting fee | 0.09 | 0.07 |
| Legal and professional charges | 5.26 | 4.49 |
| Auditors' remuneration: | | |
| - for audit | 0.42 | 0.40 |
| - for tax audit | - | 0.06 |
| - for other services | 0.27 | 0.28 |
| - for reimbursement of out of pocket expenses | 0.05 | 0.04 |
| Donations | 0.04 | 0.10 |
| Corporate social responsibility expenses (refer note 44) | 0.12 | 0.18 |
| Provision for doubtful debts and advances | 0.45 | 0.85 |
| Loss on discard / disposal of fixed assets | 0.09 | - |
| Increase in excise duty on stocks of finished goods and waste | 4.01 | 3.77 |
| Miscellaneous expenses | 31.51 | 32.61 |
| | 370.37 | 393.85 |

Note 25: Finance costs

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|------------------------|-------------------------------------|-------------------------------------|
| Interest | 33.07 | 28.30 |
| Bank and other charges | 18.59 | 15.08 |
| | 51.66 | 43.38 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 26: Earnings / (loss) per equity share (EPS)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Net Profit / (Loss) as per Statement of Profit and Loss | 56.00 | (21.53) |
| Number of equity shares of ₹10 each at the beginning of the year | 15,18,22,242 | 15,18,22,242 |
| Number of equity shares of ₹10 each at the end of the year | 15,18,22,242 | 15,18,22,242 |
| Weighted average number of equity shares of ₹10 each at the end of the year for calculation of basic and diluted EPS | 15,18,22,242 | 15,18,22,242 |
| Basic and diluted earnings / (loss) per share (in ₹) (Per share of ₹ 10 each) | 3.69 | (1.42) |

Note 27: CIF value of imports

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|-------------------|-------------------------------------|-------------------------------------|
| Raw materials | 653.60 | 1331.29 |
| Packing material | 1.01 | 0.26 |
| Stores and spares | 5.89 | 3.98 |
| Capital goods | 20.58 | 2.23 |

Note 28: Expenditure in foreign currency (accrual basis)

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|-------------|-------------------------------------|-------------------------------------|
| Travelling | 1.59 | 2.24 |
| Commission | 2.34 | 3.16 |
| Interest | 3.00 | 3.03 |
| Others | 1.38 | 0.76 |

Note 29: Value of raw materials, stores & spares and packing materials consumed

| Particulars | Percentage of total consumption (%) | | Value | |
|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2016 | For the year ended 31 March 2015 | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
| Raw materials | | | | |
| Imported | 40 | 66 | 818.23 | 1,466.94 |
| Indigenous | 60 | 34 | 1,205.18 | 741.16 |
| Total | 100 | 100 | 2,023.41 | 2,208.10 |
| Stores and spares | | | | |
| Imported | 15 | 12 | 3.96 | 3.85 |
| Indigenous | 85 | 88 | 23.33 | 29.20 |
| Total | 100 | 100 | 27.29 | 33.05 |
| Packing materials | | | | |
| Imported | 2 | 1 | 1.15 | 0.26 |
| Indigenous | 98 | 99 | 53.99 | 50.41 |
| Total | 100 | 100 | 55.14 | 50.67 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 30: Net dividend remitted in foreign exchange

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Period to which dividend relates to | 2014-15 | 2013-14 |
| Number of non-resident shareholders (Nos.) | 2 | 2 |
| Number of equity shares held on which dividend was due (Nos.) | 43,620,465 | 43,620,465 |
| Amount remitted USD 653,980 (Previous year USD 720,761) (₹ in crores) | 4.36 | 4.36 |

Note 31: Earnings in foreign currency (accrual basis)

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| F.O.B. value of exports | 388.02 | 596.72 |
| Dividend | 0.60 | 0.52 |
| Sale of current investments (Gross consideration) | 28.98 | 0.92 |

Note 32: Disclosure pursuant to Accounting Standard 15 on "Employee Benefits"

a. Defined contribution plans

An amount of ₹ 4.52 crores (previous year ₹ 4.33 crores) for the year has been recognized as an expense in respect of the Company's contributions towards Provident Fund and an amount of ₹ 0.58 crore (previous year ₹ 0.57 crores) for the year has been recognized as an expense in respect of Company's contributions towards Employee State Insurance, which are deposited with the government authorities and have been included under employee benefit expenses in the Statement of Profit and Loss.

b. Defined benefit plans

Gratuity is payable to all eligible employees of the Company on superannuation, death or permanent disablement in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme, whichever is more beneficial.

The following table sets forth the status of the gratuity plan of the Company and the amounts recognised in the Balance Sheet and Statement of Profit and Loss:

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Changes in present value of obligation | | |
| Present value of obligation as at the beginning of the year | 13.65 | 12.60 |
| Interest cost | 1.10 | 1.05 |
| Current service cost | 0.91 | 0.99 |
| Past service cost | - | - |
| Benefits paid | (1.34) | (0.53) |
| Actuarial (gain) / loss on obligation | (1.20) | (0.46) |
| Present value of obligation as at end of the year | 13.12 | 13.65 |
| - Long term | 12.11 | 12.65 |
| - Short term | 1.01 | 1.00 |
| | 13.12 | 13.65 |
| Expenses recognized in the Statement of Profit and Loss | | |
| Current service cost | 0.91 | 0.99 |
| Past service cost | - | - |
| Interest cost on benefit obligation | 1.10 | 1.05 |
| Net actuarial (gain) / loss recognised in the year | (1.20) | (0.46) |
| Expenses recognised in the Statement of Profit and Loss | 0.81 | 1.58 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Experience adjustments

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 | For the year ended 31 March 2014 | For the year ended 31 March 2013 | For the year ended 31 March 2012 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Defined benefit obligation | 13.12 | 13.64 | 12.60 | 12.00 | 11.26 |
| Plan assets | - | - | - | - | - |
| Surplus / (deficit) | (13.12) | (13.64) | (12.60) | (12.00) | (11.26) |
| Experience adjustment on plan liabilities | (0.38) | 0.81 | 0.59 | 0.22 | (0.29) |
| Past service cost | - | - | - | - | - |
| Experience adjustment on plan assets | - | - | - | - | - |

The principal assumptions used in determining gratuity for the Company's plans are shown below:

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Discounting rate | 8.20% | 8.10% |
| Retirement age | 58 Years | 58 Years |
| Salary Escalation Rate (per annum) | 4% | 5% |
| Withdrawal rates | | |
| Age - Upto 30 years | 3% | 3% |
| 31-44 years | 2% | 2% |
| Above 44 years | 1% | 1% |
| Mortality table | IALM (2006-08) | IALM (2006-08) |

Discounting Rate: The discount rate is estimated based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

Salary Escalation Rate: The estimates of salary increases, considered in actuarial valuation, take account of inflation, promotion and other relevant factors.

c. Other long term benefits:

An amount of ₹ 0.92 crores (previous year ₹ 1.76 crores) pertains to expense towards compensated absences and included in "Employee benefits expense".

Note 33: Segment information:

(a) Information about primary business segment

The Company recognises 'Polyester' as its only primary segment since its operations consist of manufacturing of this product and related activities. Accordingly, 'Polyester' segment is the only segment comprising the primary basis of segmental information set out in these financial statements.

(b) Information on secondary/ geographical segment

The Company sells its products to various manufacturers within the country and also exports to other companies. Considering the size and proportion of exports to local sales, the Company considers sales made within the country and exports as two geographical segments. Information of geographical segment is based on the geographical location of the customers.

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | 2015-16 | 2014-15 |
|----------------------------|-----------------|-----------------|
| Segment revenue | | |
| Domestic | 2,138.45 | 2,145.35 |
| Overseas | 397.20 | 616.03 |
| Total | 2,535.65 | 2,761.38 |
| Segment receivables | | |
| Domestic | 158.96 | 91.36 |
| Overseas | 39.13 | 23.64 |
| Total | 198.09 | 115.00 |

Note: All assets of the Company are located in India except as mentioned above.

Note 34: Related party disclosures (As per Accounting Standard – 18)

(i) Related parties where control exists:

| | |
|-------------------------------|--|
| (a) Wholly owned subsidiaries | Indo Rama Renewables Limited ('IRRL') |
| | Indo Rama Renewables Porbandar Limited |
| | Indo Rama Renewables Ramgarh Limited |
| | Indo Rama Renewables Jath Limited |

(ii) Other related parties with whom Company had transactions:

| | |
|---|--|
| (a) Key management personnel and their relatives | Mr. Mohan Lal Lohia, Chairman Emeritus |
| | Mr. Om Prakash Lohia, Chairman cum Managing Director ('CMD') |
| | Mr. Vishal Lohia, Whole Time Director ('WTD') |
| | Mr. Anant Kishore, Executive Director |
| | Mrs. Urmila Lohia, Wife of CMD |
| | Mr. Aloke Lohia, Brother of CMD |
| | Mrs. Ritika Kumar, Daughter of CMD |
| | Ms. Aruna Goenka, Sister of CMD |
| | Mrs. Rimple Lohia, Wife of WTD |
| (b) Enterprises over which key management personnel or their relatives have significant influence | Indorama Petrochem Limited, Thailand |
| | T P T Petrochemicals Public Co. Limited, Thailand |
| | PT. Indorama Petrochemicals, Indonesia |
| | Lohia Industries Private Limited |
| | Indorama Retail Holding Private Limited |
| (c) Enterprises having significant influence on the Company | Brookgrange Investments Limited |

(iii) Transactions with related parties:

| Particulars | Wholly owned subsidiaries | Key Management Personnel and their relatives | Enterprises over which key management personnel or their relatives have significant influence | Enterprises having significant influence on the Company | Total |
|--|---------------------------|--|---|---|--------|
| Investment made in the equity shares | | | | | |
| - IRRL | - | | | | - |
| | (2.86) | | | | (2.86) |
| Loans and advances repaid/ adjusted towards shares issued | | | | | |
| -IRRL | 1.77 | | | | 1.77 |
| | (0.11) | | | | (0.11) |
| Purchases of raw material | | | | | |
| - Indorama Petrochem Limited | | | 47.17 | | 47.17 |

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

| Particulars | Wholly owned subsidiaries | Key Management Personnel and their relatives | Enterprises over which key management personnel or their relatives have significant influence | Enterprises having significant influence on the Company | Total |
|---|---------------------------|--|---|---|----------|
| | | | (410.83) | | (410.83) |
| - TPT Petrochemicals Public Co. Limited | | | 25.16 | | 25.16 |
| | | | (329.25) | | (329.25) |
| - PT. Indorama Petrochemicals | | | 39.84 | | 39.84 |
| | | | (16.94) | | (16.94) |
| Managerial remuneration * | | | | | |
| - Mr. O.P. Lohia | | 2.82 | | | 2.82 |
| | | (2.83) | | | (2.83) |
| - Mr. Vishal Lohia | | 2.11 | | | 2.11 |
| | | (2.08) | | | (2.08) |
| - Mr. Anant Kishore | | 1.08 | | | 1.08 |
| | | (1.06) | | | (1.06) |
| Dividend paid | | | | | |
| - Brookgrange Investments Limited | | | | 4.33 | 4.33 |
| | | | | (4.33) | (4.33) |
| - Mr. O.P. Lohia | | 3.54 | | | 3.54 |
| | | (3.54) | | | (3.54) |
| - Mrs. Urmila Lohia | | 1.59 | | | 1.59 |
| | | (1.59) | | | (1.59) |
| - Others | | 0.68 | | | 0.68 |
| | | (0.73) | | | (0.73) |

(iv) Closing Balances of related parties :

| Particulars | Wholly owned subsidiaries | Key Management Personnel and their relatives | Enterprises over which key management personnel or their relatives have significant influence | Enterprises having significant influence on the Company | Total |
|---|---------------------------|--|---|---|---------|
| Trade Payables | | | | | |
| - Indorama Petrochem Limited | | | 52.73 | | 52.73 |
| | | | (61.15) | | (61.15) |
| - TPT Petrochemicals Public Co. Limited | | | 42.47 | | 42.47 |
| | | | (90.80) | | (90.80) |
| - P T Indorama Petrochemicals | | | - | | - |
| | | | (16.95) | | (16.95) |
| Loans and advance Receivable | | | | | |
| - IRRL | 43.57 | | | | 43.57 |
| | (45.34) | | | | (45.34) |

* excludes expenditure towards gratuity and compensated absences, since the same are based on actuarial valuations for the Company as a whole.

Personal guarantee has been given by Mr. Om Prakash Lohia (CMD) and Mr. Vishal Lohia (WTD) in respect of loan taken by the Company amounting to ₹ 53.12 crores (previous year ₹ 65.63 crores).

Note: Previous year figures have been given in brackets.

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 35: Long term obligations in respect of operating lease

The Company has taken office space on operating lease. The lease rentals charged during the year in respect of cancellable and non cancellable operating leases and maximum obligations on long term non-cancellable operating lease payable as per the rentals stated in the agreement are as follows:

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|----------------------|-------------------------------------|-------------------------------------|
| Lease rental expense | 6.76 | 5.65 |

Future minimum lease rentals for non-cancellable operating lease

| | Total future minimum lease rentals payable as on 31 March 2016 | Total future minimum lease rentals payable as on 31 March 2015 |
|---|---|---|
| Within one year | 1.67 | 1.67 |
| Later than one year and not later than five years | 2.31 | 3.98 |
| Later than five years | - | - |
| Total | 3.98 | 5.65 |

Note 36: Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities:

- Claims against the Company not acknowledged as debts.

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Excise / customs / service tax matters in dispute/ under appeal | 92.26 | 62.83 |
| Income tax matters in dispute/ under appeal | 11.88 | 11.88 |
| Sales tax/ VAT matters in dispute/ under appeal | 12.84 | 11.04 |
| Claims by ex-employees, vendors, customers and civil cases | 0.95 | 0.84 |

- Customs duty claims (including penalties) against the Company aggregating to ₹ 214.25 crores (previous year ₹ 214.25 crores) have not been considered contingent as favourable orders have been received, in some of the cases, by the Company from the CESTAT. The Company believes that its position is strong in this regard. The matter is pending with the Honorable Supreme Court. In addition during the previous year, the Company has also received a show cause notice amounting to ₹ 6.01 crores.

The Company also believes that the above issues, when finally settled, are not likely to have any significant impact on the financial position of the Company.

Commitments:

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 17.46 crores (previous year ₹25.48 crores).
- The Company has commitments to export 191,549 MT (previous year 285,985 MT) of finished goods as per foreign trade policy pursuant to import of duty free material under advance license scheme.

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 37: Supplementary statutory information required to be given pursuant to Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of the loans given

Interest free loans to wholly owned subsidiary given for the purpose of setting up of renewable power project, are to be converted, on mutual agreement, into equity, quasi equity or debentures or repayable on or before 31 March 2017:

| Name of Subsidiary | Balance as at 31 March 2016 | Maximum outstanding during the year 2015-16 | Balance as at 31 March 2015 | Maximum outstanding during the year 2014-15 |
|------------------------------|-----------------------------|---|-----------------------------|---|
| Indo Rama Renewables Limited | 43.57 | 45.34 | 45.34 | 45.45 |

Note 38: Derivative instruments and unhedged foreign currency exposure

(a) Foreign currency forward contracts outstanding:

| Purpose | As at 31 March 2016 | | As at 31 March 2015 | |
|---|---------------------|--------|---------------------|--------|
| | USD | INR | USD | INR |
| | Millions | crores | Millions | Crores |
| Hedging of expected future exports (Sell) | 110.21 | 730.27 | 126.40 | 789.93 |

(b) Particulars of unhedged foreign currency exposure:

| Particulars | Currency | As at 31 March 2016 | | | As at 31 March 2015 | | |
|------------------------------------|----------|---------------------------------------|------------------------------------|----------------------|---------------------------------------|------------------------------------|----------------------|
| | | Amount in foreign currency (millions) | Exchange rate (in absolute rupees) | Amount (in ₹ crores) | Amount in foreign currency (millions) | Exchange rate (in absolute rupees) | Amount (in ₹ crores) |
| Trade payables | USD | 24.95 | 66.26 | 165.32 | 51.31 | 62.505 | 320.73 |
| | Euro | 0.01 | 75.42 | 0.11 | 0.02 | 67.21 | 0.15 |
| | JPY | 107.13 | 0.59 | 6.32 | 79.52 | 0.52 | 4.14 |
| | AED | 5.06 | 18.04 | 9.13 | 4.81 | 17.02 | 8.19 |
| Advance from customers | USD | 0.35 | 66.26 | 2.34 | 0.70 | 62.505 | 4.36 |
| Loans (including interest payable) | USD | 22.80 | 66.26 | 151.06 | 32.23 | 62.505 | 201.43 |
| | Euro | 6.19 | 75.42 | 46.70 | 6.81 | 67.21 | 45.77 |
| Capital creditors | USD | 1.72 | 66.26 | 11.42 | - | - | - |

Note 39: Insurance claim receivables:

- (a) The Company had lodged claims with its insurance company for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to a fire incidence at Butibori plant in 2007-08. Since, the matter has been under dispute with the insurance company, as per the terms and conditions of the above policy, the Company has, during the previous years, initiated the arbitration process for a claim of ₹ 72.94 crores for loss of business interruption and for the claim of ₹ 6.43 crores for loss of assets. While the said matter was pending conclusion by the Arbitral Tribunal, the Company, on a conservative basis, carried forward insurance recoverable (recorded in the financial year ended 31 March 2008) to the extent of ₹ 33.53 crores (net of receipt/adjustment) as advances recoverable, without prejudice to its right to claims aggregating ₹ 79.37 crores. On 1 August 2012,

the Arbitral Tribunal decided the matter in the favour of the Company with an award of ₹ 32.45 crores (net off receipt/adjustment) and interest at 9% per annum from July 2008 till the date of payment. Pursuant to the above award, the Company had during the year 2012-13 recorded the interest receivable amounting to ₹ 11.69 crores upto July 2012 (the date of order) and aligned the carrying amount of insurance claim. The Insurance Company had filed an appeal in the Delhi High Court against the same. On 20 January 2015, the Delhi High Court Single bench pronounced the order wherein the Court has remanded the matter back to Arbitral Tribunal for computation of claim on "turnover basis". Subsequently, the Company had filed an appeal with the Delhi High Court double bench and an interim stay has been awarded pending disposal. Currently, the case is pending with Delhi High Court.

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

- (b) During the year ended 31 March 2016, the Company has recognised interest of ₹ 10.95 crore on award decided by the arbitral tribunal, for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to fire incidence at its plant in 2007-08 under 'other operating income'.
- (c) Consequent to an incident of fire during the year 2011-12, the Company had spent ₹ 7.58 crores on refurbishment of the concerned plant and machinery, which had been recognized as a receivable from the insurance company under other

current assets. During the current year, the claim was rejected by insurer on grounds of insufficient premium paid. The Company has filed the writ petition on 6 May 2016 against the insurance company.

Further, the Company strongly believes and is reasonably certain that the above cases do not have any significant impact on the financial position of the Company and it will be able to realize the above amounts in the normal course and, therefore, all the claims have been classified as current.

Note 40: Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006,' are given below:

| Sl. no. | Particulars | 2015-16 | 2014-15 |
|---------|---|---------|---------|
| (i) | the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year | | |
| | - principal amount* | 0.03 | - |
| | - interest thereon | - | - |
| (ii) | the amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day: | | |
| | - principal amount** | 0.14 | 0.09 |
| | - interest thereon | - | - |
| (iii) | the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act # | 0.01 | - |
| (iv) | the amount of interest accrued and remaining unpaid ## | 0.02 | 0.01 |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act. | - | - |

* ₹ 253 thousand (previous year ₹ 24 thousand).

** ₹ 1,421 thousand (previous year ₹ 893 thousand).

₹ 58 thousand (previous year ₹ 15 thousand).

₹ 158 thousand (previous year ₹ 99 thousand).

Note 41:

- (a) The Company has internally assessed the operating margins and its set-off against accumulated Unabsorbed Depreciation as per the income tax laws. In the absence of virtual certainty and as a matter of prudence the Company has charged off MAT Credit entitlement amounting to ₹ 57.30 crores during the year.
- (b) Earlier, the Company had not recorded deferred tax assets in relation to unabsorbed depreciation as the same has been subject matter of litigation. Pursuant to the changes made by Finance Act, 2015 and based on opinion of legal counsel, the Company is reasonably certain that the litigation do not have any significant impact on recoverability of ₹ 158.33 crore of unabsorbed depreciation to the extent of future reversal of deferred tax liabilities.

Note 42: The Company had made an early application, since the year 2010-11, of Accounting Standard 30 "Financial Instruments-Recognition and Measurement", issued by the Institute of Chartered Accountants of India for accounting for forward exchange contracts taken for highly probable / forecast transactions, which are not covered by Accounting Standard 11. An amount of ₹ 5.09 crores has been recognized as income (previous year an expense of ₹ 4.69 crores) in the financial statements for the year ended 31 March 2016 and included in exceptional items as an adjustment on the said application of Accounting Standard 30.

Notes

to the Financial Statements for the year ended 31 March 2016

(All amounts in ₹ crores, unless otherwise stated)

Note 43: Exceptional items :

- Inventory losses amounting to ₹ 26.68 crore for the year ended March 31, 2016, which includes loss of ₹ 4.62 crore (previous year ₹ 20.75 crore) on account of write down of closing inventories, calculated on month on month basis, incurred by the Company due to crash in global crude oil prices and consequently impacting raw material prices, i.e., of PTA and MEG. The loss incurred has been primarily due to the timing difference in the prices at which material has been purchased and sold.
- Due to significant volatility in the foreign currency vis-à-vis local currency, the Company has considered the foreign exchange fluctuation as an exceptional item in the Statement of Profit and Loss.
- 'Others' includes differential excise duty (including interest thereon) amounting to ₹ 4.23 crore paid in compliance with the judgment of the Supreme Court.

Note 44: CSR expenditure

- Gross amount required to be spent by the Company during the year: ₹ Nil (previous year ₹ 0.36 crores).
- Amount spent during current year is as follows:

| Sr. No. | Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---------|------------------------|-------------------------------------|-------------------------------------|
| 1 | Promotion of Education | 0.11 | 0.17 |
| 2 | Health Care | 0.01 | 0.01 |
| | Total | 0.12 | 0.18 |

Note 45: The figures relating to the previous year have been regrouped and reclassified, wherever necessary, to confirm to the current year's classification.

As per our report attached.

For **B S R and Associates**

Chartered Accountants

ICAI Firm registration number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2016

For and on behalf of the Board of Directors of

Indo Rama Synthetics (India) Limited

Om Prakash Lohia

Chairman and Managing Director

DIN: 00206807

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Place: Gurgaon

Date: 18 May 2016

Ashok Kumar Ladha

Director

DIN: 00089360

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Independent Auditors' Report

To the Members of
Indo Rama Synthetics (India) Limited

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Indo Rama Synthetics (India) Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), comprising of the consolidated Balance Sheet as at 31 March 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the entities included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. Auditors' Responsibility

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

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

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

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

4. Basis for Qualified Opinion

Attention is drawn to note 39 (b) of the consolidated financial statements, which enumerates recognition of interest of ₹ 10.95 crores for the year ended 31 March 2016 on the insurance claim lodged by the Holding Company with its insurance company for the loss of certain assets and loss suffered due to business interruption at its plant in 2007-08. The said recognition of asset, is not in accordance with accounting principle stated in Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets'. Had such income not been recognised, the net loss before tax for the year would have been higher by ₹ 10.95 crores, the net profit after tax for the year would have been lower by ₹ 7.16 crores and Reserves and Surplus as at 31 March 2016 would have been lower by ₹ 7.16 crores.

5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in 'Basis for Qualified Opinion' paragraph above, the aforesaid consolidated financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the

accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

6. Emphasis of matter

We draw attention to note 39 (a) of the consolidated financial statements which describes the uncertainty related to the outcome of the lawsuit filed by the Holding Company against an insurance company. Our opinion is not modified in respect of this matter.

7. Report on other legal and regulatory requirements

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- (c) the consolidated Balance Sheet, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement dealt with by this Report, are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) except for the effects of the matter described in the 'Basis for Qualified Opinion' paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) the matter described in the 'Basis for Qualified Opinion' and matter described under 'Emphasis of matter' paragraph above, in our opinion, may have an adverse effect on the functioning of the Group;
- (f) on the basis of the relevant assertion contained in the audit reports on standalone financial statements of the Holding Company and each of

its subsidiary companies, incorporated in India, none of the directors of the Group companies is disqualified as on 31 March 2016 from being appointed as a director of that company in terms of Section 164 (2) of the Act;

- (g) the qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the 'Basis for Qualified Opinion' paragraph above;
- (h) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure-I";
- (i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer notes 37 and 39 to the consolidated financial statements;
 - ii. the Group did not have any long term contracts, including derivatives contracts outstanding as at 31 March 2016 for which there were any material foreseeable losses; and
 - iii. there has been no delay in transferring amounts that were required to be transferred to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by subsidiary companies, incorporated in India.

For **B S R and Associates**
Chartered Accountants
ICAI Firm registration number: 128901W

Jiten Chopra
Partner

Membership No.: 092894

Place: Gurgaon
Date: 18 May 2016

Annexure I to the Independent Auditors' Report to the Members of Indo Rama Synthetics (India) Limited on the consolidated financial statements

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

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Act, to the

extent 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial

reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary Companies which are companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' issued by the ICAI.

For **B S R and Associates**

Chartered Accountants

ICAI Firm registration number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2016

Consolidated Balance Sheet

as at 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

| | Note No. | As at 31 March 2016 | As at 31 March 2015 |
|--|----------|------------------------|------------------------|
| I. Equity and liabilities | | | |
| (1) Shareholders' funds | | | |
| (a) Share capital | 3 | 151.82 | 151.82 |
| (b) Reserves and surplus | 4 | 434.43 | 396.56 |
| | | 586.25 | 548.38 |
| (2) Non-current liabilities | | | |
| (a) Long-term borrowings | 5 | 223.96 | 242.58 |
| (b) Deferred tax liabilities (net) | 6 | - | 172.96 |
| (c) Other long-term liabilities | 7 | 0.37 | 0.64 |
| (d) Long-term provisions | 8 | 18.79 | 19.90 |
| | | 243.12 | 436.08 |
| (3) Current liabilities | | | |
| (a) Short-term borrowings | 9 | 177.72 | 204.94 |
| (b) Trade payables | 10 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 0.03 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 735.43 | 542.88 |
| (c) Other current liabilities | 11 | 170.12 | 134.62 |
| (d) Short-term provisions | 8 | 21.23 | 21.13 |
| | | 1,104.53 | 903.57 |
| Total | | 1,933.90 | 1,888.03 |
| II. Assets | | | |
| (1) Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 12.1 | 1,118.51 | 1,133.71 |
| (ii) Intangible assets | 12.2 | - | 0.05 |
| (iii) Capital work-in-progress | 12.3 | 16.51 | 6.36 |
| | | 1,135.02 | 1,140.12 |
| (b) Non-current investments | 13.1 | - | - |
| (c) Deferred tax assets (net) | 14 | 2.00 | 2.13 |
| (d) Long-term loans and advances | 15.1 | 21.50 | 83.40 |
| (e) Other non-current assets | 16.1 | 8.35 | 8.05 |
| | | 31.85 | 93.58 |
| (2) Current assets | | | |
| (a) Current investments | 13.2 | 10.06 | 16.26 |
| (b) Inventories | 17 | 256.71 | 273.48 |
| (c) Trade receivables | 18 | 211.19 | 119.77 |
| (d) Cash and bank balances | 19 | 83.71 | 55.77 |
| (e) Short-term loans and advances | 15.2 | 62.27 | 69.80 |
| (f) Other current assets | 16.2 | 143.09 | 119.25 |
| | | 767.03 | 654.33 |
| Total | | 1,933.90 | 1,888.03 |
| Significant accounting policies | 2 | | |
| The accompanying notes (from 1 to 46) form an integral part of the financial statements. | | | |

As per our report attached.

 For **BSR and Associates**

Chartered Accountants

ICAI Firm registration number: 128901W

 For and on behalf of the Board of Directors of **Indo Rama Synthetics (India) Limited**
Om Prakash Lohia

 Chairman and Managing Director
 DIN: 00206807

Ashok Kumar Ladha

 Director
 DIN: 00089360

Jiten Chopra

 Partner
 Membership No.: 092894

Jayantk Sood

 Company Secretary
 ICSI Membership No.: FCS4482

Sanjeev Aggarwal

 President and Chief Financial Officer
 ICAI Membership No.: 089369

 Place: Gurgaon
 Date: 18 May 2016

 Place: Gurgaon
 Date: 18 May 2016

Consolidated Statement of Profit and Loss

for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

| | Note No. | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------|-------------------------------------|-------------------------------------|
| A) CONTINUING OPERATIONS | | | |
| Income | | | |
| I. Revenue from operations | 20 | | |
| Sale of products (gross) | | 2,714.69 | 2,961.90 |
| Less: Excise duty | | 249.94 | 253.00 |
| Sale of products (net) | | 2,464.75 | 2,708.90 |
| Other operating revenue | | 70.91 | 52.56 |
| Revenue from operations (net) | | 2,535.66 | 2,761.46 |
| II. Other income | 21 | 30.88 | 9.67 |
| III. Total revenue (I+II) | | 2,566.54 | 2,771.13 |
| IV. Expenses: | | | |
| Cost of materials consumed | 22 | 2,019.32 | 2,192.84 |
| Changes in inventories of finished goods and work-in-progress | 23 | (52.90) | (39.84) |
| Employee benefits expense | 24 | 105.45 | 92.09 |
| Other expenses | 25 | 370.56 | 394.00 |
| Expenses before finance costs, depreciation/amortisation and exceptional items | | 2,442.43 | 2,639.09 |
| V. Profit before finance costs, depreciation/amortisation, exceptional items and tax (III-IV) | | 124.11 | 132.04 |
| VI. Finance costs | 26 | 51.66 | 43.38 |
| VII. Profit before depreciation/amortisation, exceptional items and tax (V-VI) | | 72.45 | 88.66 |
| VIII. Depreciation and amortisation expense | 12.1 & 12.2 | 77.80 | 117.16 |
| IX. Loss before exceptional items and tax (VII-VIII) | | (5.35) | (28.50) |
| X. Exceptional items | | | |
| - Foreign exchange fluctuation (loss) / gain (refer note 43(b)) | | (23.62) | 15.02 |
| - Inventory losses (refer note 22 and 23) | | (26.68) | (20.75) |
| - Others (refer note 43(c)) | | (4.23) | - |
| XI. Loss before tax (IX+X) | | (59.88) | (34.23) |
| XII. Tax expense (refer note 41): | | | |
| MAT credit taken in previous years charged off | | 57.30 | 0.58 |
| Deferred tax credit | | (172.96) | (13.07) |
| XIII. Profit / (Loss) for the year from continuing operations | | 55.78 | (21.74) |
| B) DISCONTINUING OPERATIONS (refer note 44) | | | |
| XIV. Profit / (Loss) before tax from discontinuing operations | | 0.49 | (1.08) |
| XV. Tax expense from discontinuing operations: | | | |
| Deferred tax expense / (credit) | | 0.13 | (2.13) |
| XVI. Profit for the year from discontinuing operations | | 0.36 | 1.05 |
| C) TOTAL OPERATIONS | | | |
| XVII. Net Profit / (Loss) for the year (XIII+XVI) | | 56.14 | (20.69) |
| Basic and diluted earnings / (loss) per equity share (in ₹) [Face value ₹10 each] | 27 | | |
| Continuing operations | | 3.67 | (1.43) |
| Total operations | | 3.70 | (1.36) |
| Significant accounting policies | 2 | | |
| The accompanying notes (from 1 to 46) form an integral part of the financial statements. | | | |

As per our report attached to the balance sheet.

For **B S R and Associates**

Chartered Accountants

ICAI Firm registration number: 128901W

For and on behalf of the Board of Directors of **Indo Rama Synthetics (India) Limited****Om Prakash Lohia**

Chairman and Managing Director

DIN: 00206807

Ashok Kumar Ladha

Director

DIN: 00089360

Jiten Chopra

Partner

Membership No.: 092894

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Place: Gurgaon

Date: 18 May 2016

Place: Gurgaon

Date: 18 May 2016

Consolidated Cash Flow Statement

for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| A. Cash flow from operating activities | | |
| Loss before taxation | (59.39) | (35.31) |
| Adjusted for: | | |
| Depreciation and amortization (net of transfer from revaluation reserve) | 92.96 | 132.32 |
| Loss or (gain) on scrap / disposal of fixed asset | 0.09 | (3.19) |
| Provision made / (written back) for diminution in the value of investments | - | (0.09) |
| Long term pre-paid expense written off | 1.77 | - |
| Provision for doubtful debts & advances | (0.38) | 0.85 |
| Profit on sale of current investments (net) | (26.40) | (1.13) |
| Interest income | (29.69) | (12.36) |
| Dividend income | (0.60) | (0.52) |
| Interest expense | 53.92 | 48.73 |
| Operating profit before working capital changes | 32.28 | 129.30 |
| Changes in: | | |
| Decrease in inventories | 16.77 | 20.13 |
| (Increase) in trade receivables | (91.04) | (6.41) |
| (Increase) / decrease in short term loans and advances and other current assets | (12.10) | 63.65 |
| (Increase) in long term loans and advances | (1.00) | (0.84) |
| (Increase) in other non current assets | (0.30) | (0.44) |
| Increase in trade payables | 192.58 | 11.86 |
| (Decrease) in other non current liabilities | (0.27) | (0.19) |
| Increase in other current liabilities | 17.19 | 2.88 |
| (Decrease) / increase in long term provisions | (1.11) | 1.72 |
| Increase in short term provisions | 0.10 | 0.19 |
| Cash generated from operations | 153.10 | 221.85 |
| Income tax paid | (1.23) | (0.51) |
| Net cash flow from operating activities (A) | 151.87 | 221.34 |
| B. Cash flows from investing activities | | |
| Purchase of fixed assets | (43.40) | (19.49) |
| Sale of fixed assets | 0.46 | 17.59 |
| Purchase of current investments | (24.85) | (11.98) |
| Sale of current investments (net) | 57.45 | 0.28 |
| Income from renunciation of subscription rights in a rights issue | - | 0.85 |
| Movement in bank deposits (net) (having original maturity of more than 3 months) | (44.57) | (1.66) |
| Dividend received | 0.60 | 0.52 |
| Interest received | 25.50 | 11.12 |
| Net cash used in investing activities (B) | (28.81) | (2.77) |

CASH FLOW STATEMENT

(All amounts in ₹ Crores, unless otherwise stated)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| C. Cash flows used in financing activities | | |
| Long-term borrowings repaid during the year | (40.15) | (112.18) |
| Long-term borrowings taken during the year | - | 11.97 |
| Short term borrowings repaid during the year (net) | (27.22) | (40.91) |
| Payment of dividend | (15.17) | (15.16) |
| Taxes on dividend | (3.09) | (2.58) |
| Interest and ancillary costs of borrowing paid | (54.06) | (49.62) |
| Net cash flow used in financing activities (C) | (139.69) | (208.48) |
| Net changes in cash and cash equivalents (A+B+C) | (16.63) | 10.09 |
| Cash and cash equivalents - opening balance | 23.78 | 13.69 |
| Cash and cash equivalents - closing balance | 7.15 | 23.78 |
| Components of cash and cash equivalents (refer note 19) | | |
| Cash in hand | 0.93 | 0.28 |
| With scheduled banks: | | |
| In current accounts | 6.22 | 11.06 |
| In margin money accounts (currently not available for use by the Company) | - | 12.44 |
| Total | 7.15 | 23.78 |

Notes:

- The accompanying notes (from 1 to 46) form an integral part of the financial statements.
- The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 Cash Flow Statements specified in the Companies (Accounting Standards) Rules 2006.
- The Cash Flow statement reflects the combined cash flows pertaining to continuing and discontinuing operations.

As per our report attached to the balance sheet.

For **B S R and Associates**

Chartered Accountants

ICAI Firm registration number: 128901W

For and on behalf of the Board of Directors of **Indo Rama Synthetics (India) Limited****Om Prakash Lohia**Chairman and Managing Director
DIN: 00206807**Ashok Kumar Ladha**Director
DIN: 00089360**Jiten Chopra**Partner
Membership No.: 092894**Jayantk Sood**Company Secretary
ICSI Membership No.: FCS4482**Sanjeev Aggarwal**President and Chief Financial Officer
ICAI Membership No.: 089369Place: Gurgaon
Date: 18 May 2016Place: Gurgaon
Date: 18 May 2016

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

1. General information

Indo Rama Synthetics (India) Limited (hereinafter referred to as 'the Holding Company' or 'IRSL') is a manufacturer of Polyester Filament Yarn (PFY), Polyester Staple Fibre (PSF), Draw Texturised Yarn (DTY), Specialty Fiber and Chips. The Company is also engaged in power generation, which is used primarily for captive consumption. The Company's manufacturing facilities are located at Butibori, Nagpur.

The Holding Company has invested in certain subsidiaries which are directly or indirectly engaged in the business of generation and supply of energy from renewable resources. The Holding Company along with its subsidiaries has been referred to as "the Group".

2. Significant Accounting Policies

2.1 Basis of preparation and consolidation

These consolidated financial statements have been prepared under the historical cost convention, modified to include revaluation of certain fixed assets, on a going concern basis, on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India. Indian GAAP primarily comprises mandatory accounting standards as specified under the section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014, and other accounting pronouncements of the Institute of Chartered Accountants of India.

(iv) The companies considered in the consolidated financial statements are:

| Name of the company | Date of incorporation | Percentage of shareholding as at 31 March 2016 |
|--|-----------------------|--|
| Indo Rama Synthetics (India) Limited ('IRSL') | 28 April 1986 | Ultimate holding Company |
| Indo Rama Renewables Limited ('IRRL') | 3 May 2012 | 100 |
| Indo Rama Renewables Jath Limited ('IRRJL') | 23 May 2012 | 100 |
| Indo Rama Renewables Porbandar Limited ('IRRPL') | 23 May 2012 | 100 |
| Indo Rama Renewables Ramgarh Limited ('IRRRL') | 25 May 2012 | 100 |

2.3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the results of operations during the year. Differences between actual results and estimates are recognized in the year in which the results are known or materialized. Examples of such estimates are estimated useful life of assets, classification of assets/liabilities as current or non-current in certain circumstances, recoverability of minimum alternate tax credit entitlement, provision for doubtful receivables and retirement benefits, etc. Actual

2.2 Principles of consolidation

The consolidated financial statements relate to the Group, all being incorporated in India. The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid down in Accounting Standard- 21.

The consolidated financial statements have been prepared on the following basis:

- The consolidated financial statements of the Group have been combined on a line-by-line basis by adding the book values of all items of assets, liabilities, incomes and expenses after eliminating intra-group balances/ transactions and unrealised profits in full.
- The consolidated financial statements are prepared by using uniform accounting policies for similar significant transactions and other events in similar circumstances. The financial statements of the subsidiaries are adjusted for the accounting principles and policies followed by the Group.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Group for its separate financial statements.

results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.4 Current/ non-current classification

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

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realized within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company considers its operating cycle to be within a year.

2.5 Fixed assets

Fixed assets are stated at cost or at revalued amounts less accumulated depreciation. Cost of fixed assets includes all incidental expenses and interest costs on borrowings, attributable to the acquisition of qualifying assets, upto the date of commissioning of assets.

Foreign currency exchange differences are capitalized as per the policy stated in note 2.13(b) below.

2.6 Depreciation/ amortization

Holding Company (Polyester business)

- ▶ Leasehold land and cost of leasehold improvements are amortised over the period of lease or their useful lives, whichever is shorter.
- ▶ Depreciation on other fixed assets (excluding software) is provided using the straight line method at the rates based on following useful lives of assets estimated by the management:

| Particulars | Useful life |
|--|-------------------|
| Factory buildings/Non factory buildings | 28 years/58 years |
| Plant and equipment (Continuous Process Plant) | 18 years |
| Furniture and fixtures | 15 years |
| Vehicles | 10 years |
| Office equipment/ Computer and Peripherals | 20 years/ 6 years |

The above useful lives are arrived at, based on the internal technical assessment of the management, are currently reflective of the estimated useful lives of the fixed assets.

- ▶ Fixed assets individually costing up to rupees five thousand are depreciated at the rate of 100% over a period of one year.
- ▶ Software are amortised on straight line method over a period of three years.

Subsidiaries (Power Generation)

In respect of assets used in generation and supply of energy from renewable sources, the depreciation is being provided at the rates as well as methodology notified by the Maharashtra Electricity Regulatory Commission in its order dated March 22, 2013 for Determination of Generic Tariff under Regulation 8 of the Maharashtra Electricity Regulatory Commission (Terms and Conditions for determination of Renewable Energy tariff) Regulations 2010. As per the regulations, the depreciation is to be allowed upto a maximum of 90% of the Capital Cost of the asset and the depreciation rate for the first 10 years of the Tariff Period shall be 7% per annum and the remaining depreciation shall be spread over the remaining useful life of the project from 11th year onwards.

Further, office equipment are depreciated over useful life of 20 years.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

The useful life is arrived at, based on the internal technical evaluation of the management, primarily consisting of plant and machinery. As per this evaluation, the useful life of assets does not require a change from the previous estimates.

2.7 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, had no impairment loss been recognized.

2.8 Borrowing costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets to the extent that they relate to the period till such assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

2.9 Investments

Long-term investments (including its current portion) are carried at cost less diminution, other than temporary, in value. Current investments are carried at the lower of cost and fair value, which is computed category wise.

2.10 Inventories

- ▶ Stores and spare parts are valued at cost or under, computed on weighted average basis.
- ▶ Raw materials, work-in-progress and finished goods are valued at the lower of cost and net realizable value. Finished goods and work-in-progress include material cost and appropriate portion of manufacturing and other overheads. Cost is ascertained on a weighted average basis.

2.11 Revenue recognition

i) Sale of goods

Revenue from sale of products is recognized when the products are dispatched against orders from customers in accordance with the contract terms, which coincides with the transfer of significant risks and rewards.

Sales are stated inclusive of excise duty and net of rebates, trade discounts, sales tax and sales returns.

ii) Sale of power

Sale of power is recognized on the basis of actual quantity of power sold with reference to the contracted rate.

Revenue from the sale of wind power is recognised when earned on the basis of contractual arrangements and reflects the number of units supplied in accordance with joint meter readings undertaken on a monthly basis by representatives of the buyer and the Company at rates stated in the contract.

iii) Generation-based incentives

Revenue from generation-based incentives are recognised based on the number of units supplied and when the eligibility criteria under the Indian Renewable Energy Development Agency Limited - Generation Based Incentive scheme are met.

iv) Insurance claims

Insurance claims are accounted for on an accrual basis, to the extent these are measurable and ultimate collection is reasonably certain (Also refer to note 39).

v) Dividend

Dividend from investments is recognized when the right to receive dividend is established.

vi) Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

2.12 Operating leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating lease. Operating lease charges are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

2.13 Foreign exchange transactions and forward contracts

Foreign exchange transactions

- a) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences, other than in relation to acquisition of fixed assets and other long term foreign currency monetary liabilities, are dealt with in the Statement of Profit and Loss.
- b) In accordance with Accounting Standard 11, "Accounting for the effects of changes in foreign exchange rates", exchange differences arising in respect of long term foreign currency monetary items used for acquisition of depreciable capital asset, are added to or deducted from the cost of asset and are depreciated over the balance life of asset.
- c) In case of foreign exchange forward contracts taken for underlying transactions, and covered by Accounting Standard 11, "Accounting for the Effects of Changes in Foreign Exchange Rates", the premium or discount is amortised as income or expense over the life of the contract. The exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange difference is recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Any profit or loss arising on the cancellation or renewal of such contracts is recognized as income or expense for the year.

- d) Forward exchange contracts taken for highly probable/ forecast transactions, which are not covered by Accounting Standard 11, are marked to market in accordance with the principles under AS 30 "Financial Instruments: Recognition and Measurement", issued by the Institute of Chartered Accountants of India. The Company records the gain or loss on effective hedges, if any, in the Hedging Reserve until the transactions are complete. On completion, the gain or loss is transferred to the Statement of Profit and Loss of the period in which such transaction is concluded. To designate a forward

contract or option as an effective hedge, management objectively evaluates with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the Statement of Profit and Loss.

2.14 Employee benefits

a) Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, and bonus, etc., are recognized in the Statement of Profit and Loss in the period in which the employee renders the related service.

b) Post-employment benefits

Defined contribution plan

The Company deposits the contributions for provident fund to the appropriate government authorities and these contributions are recognized in the Statement of Profit and Loss in the financial year to which they relate.

Defined benefit plan

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary, using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

c) Other long term employee benefits

Entitlements to annual leave are recognized when they accrue to employees. Leave entitlements may be availed while in service or encashed at the time of retirement/ termination of employment, subject to a restriction on the maximum number of accumulation. The Company determines the liability for such accumulated leave entitlements on the basis of actuarial valuation carried out by an independent actuary at the year end.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

2.15 Taxation

Income tax expense comprises current tax and deferred tax charge or credit. Current tax provision is made based on the tax liability computed after considering tax allowances and exemptions under the Income tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liability and assets are recognized using the tax rates that have been enacted or substantively enacted on the balance sheet date.

Deferred tax assets arising from unabsorbed depreciation or carry forward losses are recognized only if there is virtual certainty of realization of such amounts. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets are reviewed at each balance sheet date to reassess their realisability.

The credits arising from Minimum Alternate Tax paid are recognized as receivable only if there is reasonable certainty together with convincing/ reliable evidence that the Company will have sufficient taxable income in future years to utilize such credits.

Deferred tax is not recognized on timing differences which reverse during the tax holiday period.

2.16 Government grants

Government grants specifically receivable as a reduction of interest charge under the grants scheme is netted off from the interest charge for the year.

2.17 Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

2.18 Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event and it is more likely than not that there will be an outflow of resources embodying economic benefits to settle such obligations and the amount of such obligation can be reliably estimated. Provisions are not discounted to their present value and are determined based on the management's estimation of the outflow required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that have arisen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of future events, not wholly within the control of the Company.

When there is an obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 3: Share capital

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Authorised | | |
| 185,000,000 (previous year 185,000,000) equity shares of ₹10 each | 185.00 | 185.00 |
| Issued, subscribed and fully paid-up | | |
| 151,822,242 (previous year 151,822,242) equity shares of ₹10 each fully paid-up | 151.82 | 151.82 |
| | 151.82 | 151.82 |

Foot notes :

- During the current year and in the previous year, there have been no movements in the number of outstanding equity shares.
- The Company has only one class of equity shares, having a par value of ₹10 per share. Each shareholder is eligible to one vote per share held, except for shares held against Global Depository Receipts (GDR). The dividend proposed, if any, by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. The repayment of equity share capital in the event of liquidation and buy back of shares are possible subject to prevalent regulations. In the event of liquidation, normally the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
- Shares in the Company held by each shareholder holding more than 5% shares (also refer to note 4 below) are as under:-

| Names | As at 31 March 2016 | | As at 31 March 2015 | |
|---|---------------------|------------------|---------------------|------------------|
| | Number of shares | % of shares held | Number of shares | % of shares held |
| Brookgrange Investments Limited | 43,288,057 | 28.51 | 43,288,057 | 28.51 |
| Mr. Om Prakash Lohia (Chairman & Managing Director) | 37,984,000 | 25.02 | 35,378,350 | 23.30 |
| Mrs. Urmila Lohia | 18,184,518 | 11.98 | 15,855,314 | 10.44 |
| APMS Investment Fund Limited | 12,652,175 | 8.33 | 12,652,175 | 8.33 |
| | 112,108,750 | 73.84 | 107,173,896 | 70.58 |

- Above equity shares of ₹ 10 each include 10,290,560 equity shares (representing 6.78% of total number of shares), outstanding against 1,286,320 Global Depository Receipts (GDR), each GDR comprising 8 underlying fully paid up equity shares of ₹ 10 each [previous year 10,290,560 equity shares (representing 6.78% of total number of shares), outstanding against 1,286,320 GDRs]. Since the same are held by depository, details of individual beneficiaries is not available with the Company.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 4: Reserves and surplus

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Capital reserve | | |
| As at the beginning and at the end of the year | 20.38 | 20.38 |
| Securities premium account | | |
| As at the beginning and at the end of the year | 166.22 | 166.22 |
| Revaluation reserve | | |
| Opening balance | 14.91 | 25.43 |
| Less: transferred to general reserve | 0.85 | 10.52 |
| Closing balance | 14.06 | 14.91 |
| General reserve | | |
| Opening balance | 58.13 | 47.61 |
| Add: amount transferred from revaluation reserve | 0.85 | 10.52 |
| Closing balance | 58.98 | 58.13 |
| Surplus in the Statement of Profit and Loss | | |
| Opening balance | 136.92 | 175.88 |
| Profit / (loss) after tax for the year | 56.14 | (20.69) |
| Less: Appropriations: | | |
| Proposed dividend (refer note 8) | 15.18 | 15.18 |
| Tax on dividend (refer note 8) | 3.09 | 3.09 |
| Net surplus in the Statement of Profit and Loss | 174.79 | 136.92 |
| Total reserves and surplus | 434.43 | 396.56 |

Note 5: Long-term borrowings

| | Total | | Non-current portion | | Current portion | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2016 | As at 31 March 2015 |
| Secured : | | | | | | |
| Loans from banks | | | | | | |
| Term loans | | | | | | |
| - Rupee loans | 71.81 | 95.68 | 44.94 | 71.78 | 26.87 | 23.90 |
| - Foreign currency loans | 71.90 | 71.92 | 53.92 | 35.92 | 17.98 | 36.00 |
| Other loans | | | | | | |
| - Rupee loans | 134.92 | 144.68 | 125.10 | 134.88 | 9.82 | 9.80 |
| | 278.63 | 312.28 | 223.96 | 242.58 | 54.67 | 69.70 |
| Less: | | | | | | |
| Amounts disclosed under the head "other current liabilities" (refer note 11) | - | - | - | - | (54.67) | (69.70) |
| | 278.63 | 312.28 | 223.96 | 242.58 | - | - |

| Nature of security | Terms of repayment |
|---|---|
| a) Rupee term loans from banks taken by Holding Company: | |
| i) amounting to ₹ 2.67 crores (previous year ₹ 8.00 crores) are secured by specific charge over specific assets to be purchased under the loan agreement. | Repayable in 18 equal quarterly installments of ₹ 1.33 crores each commencing from June 2012, along with interest at bank rate plus 1.50%. |
| ii) amounting to ₹ 15.26 crores (previous year ₹ 20.82 crores) are secured by exclusive charge on the captive power plant at Butibori, Maharashtra. | Repayable in 18 equal quarterly installments of ₹ 1.39 crores each commencing from 30 September 2014 along with interest at 3.25% over base rate. |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

| Nature of security | Terms of repayment |
|--|---|
| iii) amounting to ₹ 53.12 crores (previous year ₹ 65.63 crores) are secured primarily by first pari-passu charge on the current assets and collaterally by first pari-passu charge on the fixed assets of the Company. Further, the same is secured by the personal guarantee of promoters, i.e., Mr. Om Prakash Lohia and Mr. Vishal Lohia. | Repayable in 8 equal quarterly installments of ₹ 3.12 crores each commencing from 30 September 2014 and 10 equal quarterly installments of ₹ 5 crores thereafter, along with interest at 3% over base rate. |
| iv) aggregating to ₹ 0.76 crores (previous year ₹ 1.23 crores) are secured by hypothecation of specific vehicles. | (a) ₹ Nil (previous year ₹ 0.05 crores) repayable in 36 monthly installments commencing from January 2013. (b) ₹ 0.56 crores (previous year ₹ 0.91 crores) repayable in 36 monthly instalments commencing from September 2014. (c) ₹ 0.08 crores (previous year ₹ 0.14 crores) repayable in 36 monthly instalments commencing from June 2014. (d) ₹ 0.05 crores (previous year ₹ 0.08 crores) repayable in 36 monthly instalments commencing from May 2014. (e) ₹ 0.03 crores (previous year ₹ 0.05 crores) repayable in 36 monthly instalments commencing from June 2014. (f) ₹ 0.04 crores (previous year ₹ Nil) repayable in 36 monthly instalments commencing from Nov 2015. The outstanding amount of borrowings taken for vehicles is ₹ 0.76 crores (previous year ₹ 1.23 crores) out of which current maturity payable next year amounts to ₹ 0.53 crores (previous year ₹ 0.51 crores). |
| b) Foreign currency term loans from banks taken by Holding Company: | |
| i) amounting to ₹ 46.40 crores (previous year ₹ 45.46 crores), are secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat. | The outstanding loan is repayable in 8 semi-annual installments in April and October every year with interest at six months EURIBOR plus 0.95%. The loan is to be repaid by October 2019. Amount payable within one year amounts to ₹ 11.60 crores (previous year ₹ 22.77 crores). |
| ii) amounting to ₹ 25.50 crores (previous year ₹ 26.46 crores) are secured by specific charge on the equipment purchased under the loan agreement for the Company's Polyester Expansion Project and a first charge on the land situated at Mehsana, Gujarat. | The outstanding loan is repayable in 8 semi-annual installments in April and October every year with interest at six months LIBOR plus 0.95%. The loan is to be repaid by October 2019. Amount payable within one year amounts to ₹ 6.38 crores (previous year ₹ 13.23 crores). |
| c) Rupee term loans from others taken by IRRJL: | |
| As at 31 March 2016, the breakup of secured loan is as follows: 1) L&T Infra ₹ 68.47 crores (previous year ₹ 73.42 crores) 2) TCCL ₹ 24.95 crores (previous year ₹ 26.76 crores) 3) PFS ₹ 41.50 crores (previous year ₹ 44.50 crores) | 144 structured monthly installments post moratorium period of 6 months from the Date of Commencement of Commercial Operation (DCCO) i.e. 1 October 2013. |
| The Loan is Secured in all respect pari passu among all lenders with the below mentioned charges/pledges/mortgages and guarantees: | Interest rate |
| (a) First mortgage and charge of all the borrower's immovable properties (freehold/leased subject to provisions of applicable law in relation to forest land and revenue land, if any) together with all structures and appurtenances thereon and thereunder, both present and future; | (i) Rate of interest: The rate of interest is "L&T Infra" prime lending rate (PLR) minus spread per annum with monthly rests ("Applicable Interest Rate") payable monthly. |
| (b) First charge by way of hypothecation of all the borrower's movable assets, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures and all other movable assets, both present and future; | (ii) "Spread" is calculated as the difference between "L&T Infra" PLR and the Applicable Interest Rate amounting to 2.5% per annum. The spread was determined at the time of first disbursement based on the L&T Infra PLR on that date. Average interest rate for the year ended 31 March 2016 is 13% (previous year 13.25%). |
| (c) First charge on all intangible assets of the borrower including but not limited to goodwill and uncalled capital of the borrower, both present and future; | (iii) The Applicable Interest Rate shall be reset on the first day of the subsequent month at the end of one year from the date of first disbursement ("First Reset Date") and every anniversary of such date thereafter ("Reset Date"), based on the then prevailing L&T Infra PLR. (iv) In case the account is irregular for more than one month at time of reset, no benefit for reduction in interest would be passed on, though the increase in interest will be loaded. |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

| Nature of security | Terms of repayment |
|--|--------------------|
| (d) First charge on all accounts, revenue, all receivables, operating cash flows, commissions, reserves, book debts and DSR of the borrower including without limitation, the trust and retention accounts/escrow accounts (or any account in substitution thereof) and of all funds from time to time deposited therein and in all Permitted Investments or other securities representing all amounts credited to the trust and retention accounts both present and future; | |
| (e) First charge by way of assignment, both present and future, of: | |
| (i) All rights, title, interest, benefits, claims and demands, whatsoever of the borrower in, to and under all of the project documents as may be amended, varied and supplemented from time to time, including erection & commissioning contract, supply contract, operation and maintenance agreement (O&M) etc. duly acknowledged/consented in writing by relevant counter parties to such project document(s); | |
| (ii) All rights, title and interest, claims and demands, whatsoever of the borrower in, to and under all the permits, approvals, clearance(s) and the government approvals; | |
| (iii) All rights, title, interest benefits, claims and demands, whatsoever of the borrower in, to and under all the guarantees/letter of credit other performance bonds warranties, corporate guarantee, bank guarantee, indemnities and securities that may be furnished in favour of the borrower by the various contractors and any party under the project documents, after obtaining the written consent of the parties thereto, if necessary; | |
| (iv) All rights, title, benefits, claims, demands and interest, whatsoever under all the insurance contracts/insurance proceeds pertaining to the project; | |
| (f) Pledge of 76% (seventy six per cent) of the paid up and voting equity share capital and of preference share capital (if any) held by the promoter in the share capital of the borrower till final settlement date, and; | |
| (g) An irrevocable and unconditional corporate guarantee from the promoter in favour of the security trustee acting for the benefit of lenders for the due payment/repayment of secured obligations. | |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 6: Deferred tax liabilities (net)

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Deferred tax liability on account of: | | |
| - Fixed assets | 182.60 | 179.47 |
| Deferred tax assets on account of: | | |
| - Unabsorbed depreciation* | 176.28 | - |
| - Effect of expenditure debited to statement of profit and loss in the current/earlier years but allowable for tax purposes in following years | 4.63 | 4.72 |
| - Provision for doubtful debts and advances | 1.69 | 1.79 |
| | 182.60 | 6.51 |
| Net deferred tax liability | - | 172.96 |

* In view of absence of virtual certainty of realisation of unabsorbed depreciation, during the year the Company has recognized deferred tax assets on unabsorbed depreciation to the extent of the availability of future taxable income, by virtue of the future reversal of deferred tax liability (refer note 41(b)).

Note 7: Other long-term liabilities

| | As at 31 March 2016 | As at 31 March 2015 |
|----------------------------|------------------------|------------------------|
| Lease equalisation reserve | 0.37 | 0.64 |
| | 0.37 | 0.64 |

Note 8: Provisions

| | Long-term | | Short-term | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2016 | As at 31 March 2015 |
| Provision for employee benefits | | | | |
| - Gratuity (refer note 33) | 12.11 | 12.65 | 1.01 | 1.00 |
| - Compensated absences (refer note 33) | 6.68 | 7.25 | 1.95 | 1.86 |
| | 18.79 | 19.90 | 2.96 | 2.86 |
| Others | | | | |
| Proposed dividend * | - | - | 15.18 | 15.18 |
| Tax on proposed dividend * | - | - | 3.09 | 3.09 |
| | - | - | 18.27 | 18.27 |
| | 18.79 | 19.90 | 21.23 | 21.13 |

* During the current year, the Company has declared a dividend of ₹ 1 (previous year ₹ 1) per equity share of ₹ 10 each.

Note 9: Short-term borrowings

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Loans repayable on demand (Secured) | | |
| From banks: | | |
| Cash credit and working capital facilities | 177.72 | 204.94 |
| | 177.72 | 204.94 |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Nature of security

Cash credit and other working capital facilities from banks are secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores and spares, packing material, goods at port/in transit/under shipment, outstanding money, book debts, receivables and other current assets of the Company, both present and future. These are further secured by a second charge on all the immovable properties of the Company, both present and future.

Note 10: Trade payables

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Acceptances | 351.69 | 163.52 |
| Sundry creditors | | |
| Total outstanding dues of micro enterprises and small enterprises (refer note 40) | 0.03 | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 383.74 | 379.36 |
| | 735.46 | 542.88 |

Note 11: Other current liabilities

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Current maturities of long-term borrowings (refer note 5) | 54.67 | 69.70 |
| Interest accrued but not due on borrowings | 0.67 | 1.19 |
| Unpaid dividends * | 0.39 | 0.38 |
| Advances from customers | 22.31 | 12.55 |
| Lease equalisation reserve | 0.27 | 0.17 |
| Other payables: | | |
| Payable to employees | 18.66 | 16.15 |
| Creditors towards fixed assets ** # | 42.23 | 8.38 |
| Statutory dues payable: | | |
| - Excise duty on finished goods | 12.92 | 8.91 |
| - Customs duty | 14.11 | 15.00 |
| - Tax deducted at source | 2.72 | 1.12 |
| - Other statutory dues | 1.17 | 1.07 |
| | 170.12 | 134.62 |

Note:

* There are no outstanding dues to be paid to Investor Education and Protection Fund.

** Including acceptances of ₹ 5.19 crores (previous year ₹ Nil).

includes amounts payable to micro enterprises and small enterprises ₹ Nil (previous year ₹ Nil).

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 12.1: Fixed Assets - Tangible assets

As at 31 March 2016

| Asset description | As at 31 March 2015 | Gross block | | Depreciation | | Net block | |
|------------------------|------------------------|------------------------|-------------|---------------------------|------------------------|-----------------------|------------------------|
| | | As at 31 March 2015 | Additions | Disposals/ adjustments | As at 31 March 2016 | Upto 31 March 2016 | As at 31 March 2016 |
| Land: | | | | | | | |
| - freehold | 1.61 | - | - | - | 1.61 | - | 1.61 |
| - leasehold | 9.14 | - | - | - | 9.14 | 1.76 | 1.86 |
| Buildings | 156.71 | 1.67 | - | - | 158.38 | 51.53 | 103.07 |
| Leasehold improvements | 3.22 | - | - | - | 3.22 | 1.95 | 2.31 |
| Plant and equipment | 3,228.95 | 75.56 | 3.70 | 3.30 | 3,300.81 | 2,220.63 | 996.50 |
| Furniture and fixtures | 8.82 | 0.23 | 0.15 | 0.20 | 8.90 | 6.70 | 2.05 |
| Vehicles | 6.53 | 0.05 | 0.01 | 0.46 | 6.57 | 3.51 | 2.60 |
| Office equipments | 19.02 | 0.75 | 0.49 | 0.82 | 19.28 | 14.21 | 4.49 |
| Total | 3,434.00 | 78.26 | 4.35 | 3,507.91 | 2,300.29 | 92.91 | 1,118.51 |

As at 31 March 2015

| Asset description | As at 31 March 2014 | Gross block | | Depreciation | | Net block | |
|------------------------|------------------------|------------------------|--------------|---------------------------|------------------------|-----------------------|------------------------|
| | | As at 31 March 2014 | Additions | Disposals/ adjustments | As at 31 March 2015 | Upto 31 March 2015 | As at 31 March 2015 |
| Land: | | | | | | | |
| - freehold | 1.61 | - | - | - | 1.61 | - | 1.61 |
| - leasehold | 9.14 | - | - | - | 9.14 | 1.66 | 7.38 |
| Buildings | 156.71 | - | - | - | 156.71 | 47.75 | 105.18 |
| Leasehold improvements | 3.22 | - | - | - | 3.22 | 1.59 | 1.27 |
| Plant and equipment | 3,262.73 | 8.15 | 41.93 | 126.52 | 3,228.95 | 2,121.84 | 1,008.32 |
| Furniture and fixtures | 8.93 | 0.01 | 0.12 | 0.20 | 8.82 | 6.58 | 2.12 |
| Vehicles | 4.98 | 1.70 | 0.15 | 0.41 | 6.53 | 3.21 | 3.02 |
| Office equipments | 19.07 | 0.23 | 0.28 | 0.61 | 19.02 | 13.76 | 4.81 |
| Total | 3,466.39 | 10.09 | 42.48 | 3,434.00 | 2,196.39 | 28.08 | 1,133.71 |

Notes:-

- Fixed assets comprising of plant and equipment, buildings and land were revalued by an external valuer as on 31 March 2000. The valuation was based on fair market price/ other relevant indices and resulted in increase in the gross block by ₹ 203.20 crores at that time. The balance of revaluation reserve as at the end of year amounts to ₹ 14.06 crores (previous year ₹ 14.91 crores).
- Additions to plant and equipment include loss on foreign exchange fluctuation ₹ 6.95 crores (previous year ₹ Nil). (refer note 2.13 (b)).
- Disposal/adjustments to plant and equipment include gain on foreign exchange fluctuation ₹ Nil (previous year ₹ 11.65 crores).
- Depreciation includes ₹ 15.16 crore (previous year ₹ 15.16 crore) pertaining to discontinuing operations.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 12.2: Fixed Assets - Intangible assets

As at 31 March 2016

| Asset description | Gross block | | | Amortisation | | Net block | |
|-------------------|------------------------|-----------|---------------------------|------------------------|--|-----------------------|------------------------|
| | As at 31 March 2015 | Additions | Disposals/ adjustments | As at 31 March 2016 | In respect of disposals/ adjustments | Upto 31 March 2016 | As at 31 March 2016 |
| Computer Software | 3.24 | - | - | 3.24 | 0.05 | 3.19 | 3.24 |
| Total | 3.24 | - | - | 3.24 | 0.05 | 3.19 | 3.24 |

As at 31 March 2015

| Asset description | Gross block | | | Amortisation | | Net block | |
|-------------------|------------------------|-----------|---------------------------|------------------------|--|-----------------------|------------------------|
| | As at 31 March 2014 | Additions | Disposals/ adjustments | As at 31 March 2015 | In respect of disposals/ adjustments | Upto 31 March 2015 | As at 31 March 2015 |
| Computer Software | 3.24 | - | - | 3.24 | 0.38 | 2.81 | 3.19 |
| Total | 3.24 | - | - | 3.24 | 0.38 | 2.81 | 3.19 |

Note 12.3: Capital work in progress comprises

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|----------------------------------|------------------------|------------------------|
| - Plant and machinery | 13.36 | 3.11 |
| - Borrowing cost | - | 0.01 |
| - Salaries, wages and bonus | 0.63 | 0.69 |
| - Legal and professional charges | 1.10 | 1.10 |
| - Project consultancy expenses | 0.64 | 0.64 |
| - Travelling expenses | 0.05 | 0.05 |
| - Rates and taxes | 0.59 | 0.59 |
| - Miscellaneous expenses | 0.14 | 0.17 |
| Total | 16.51 | 6.36 |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 13.1: Non-current investments (valued at cost unless otherwise stated)

| | No. | As at 31 March 2016 | No. | As at 31 March 2015 |
|--|-----------|------------------------|-----------|------------------------|
| Other than trade investments (Unquoted) | | | | |
| Equity shares | | | | |
| Fully paid up equity shares of ₹ 10 each | | | | |
| Ritspin Synthetics Limited | 1,500,000 | 1.50 | 1,500,000 | 1.50 |
| Less: Provision for diminution in the value of long term investments | | (1.50) | | (1.50) |
| | | - | | - |
| Aggregate book value of unquoted investments | | - | | - |

Note 13.2: Current investments

| | No. | As at 31 March 2016 | No. | As at 31 March 2015 |
|--|-----------|------------------------|-----------|------------------------|
| Current investments (at the lower of cost and fair value) | | | | |
| A) Equity shares, quoted | | | | |
| Fully paid up equity shares of ₹ 10 each | | | | |
| Optel Telecommunications Limited | 52,501 | 0.37 | 52,501 | 0.37 |
| Sanghi Polyesters Limited | 708,400 | 2.34 | 708,400 | 2.34 |
| Reliance Industries Limited | 10 | .* | 10 | .* |
| Fully paid up equity shares of ₹ 5 each | | | | |
| Balasure Alloys Limited | 72,601 | 0.17 | 72,601 | 0.17 |
| Fully paid up equity shares of 1 Baht each | | | | |
| Indorama Ventures Public Company Limited, Thailand | - | - | 7,509,200 | 0.83 |
| | | 2.88 | | 3.71 |
| Less: Provision for diminution in the value of current investments | | 2.77 | | - |
| | | 0.11 | | 3.71 |
| B) Preference shares, quoted | | | | |
| Fully paid-up preference shares of ₹ 10 each | | | | |
| 0.01% Cumulative redeemable preference shares | | | | |
| JSW Steel Limited | 892,000 | 0.89 | 892,000 | 0.89 |
| Less: Provision for diminution in the value of current investments | | 0.26 | | 0.32 |
| | | 0.63 | | 0.57 |
| C) Government securities, unquoted | | | | |
| National Savings Certificates VIth issue (pledged with sales tax authorities) | | .. ** | | .. ** |
| | | 0.74 | | 4.28 |
| D) Units of Mutual Fund of ₹10 each | | | | |
| L & T Ultra Short Term Fund Direct Plan - Growth | 3,876,744 | 9.26 | 5,265,177 | 11.65 |
| L & T Liquid Fund Direct Plan - Growth | 316 | 0.06 | 1,758 | 0.33 |
| | | 9.32 | | 11.98 |

Additional disclosures for current investments

| | As at 31 March 2016 | | As at 31 March 2015 | |
|--|-------------------------|------------------------------------|-------------------------|------------------------------------|
| | Aggregate Book Value | Market Value/ Net Asset Value # | Aggregate Book Value | Market Value/ Net Asset Value # |
| Quoted investments | | | | |
| -Equity shares | 0.11 | 0.11 | 3.71 | 37.62 |
| -Preference shares | 0.63 | 0.63 | 0.57 | 0.57 |
| -Mutual Fund | 9.32 | 9.69 | 11.98 | 12.35 |
| | 10.06 | 10.43 | 16.26 | 50.54 |
| Book value of unquoted investments | .. ** | | .. ** | |
| Aggregate diminution in the value of current investments | 3.03 | | 0.32 | |

* ₹ 7,780 (previous year ₹ 7,780)

** ₹ 4,000 (previous year ₹ 4,000)

excluding for equity shares of Sanghi Polyesters Limited and Optel Telecommunications Limited in respect of which market value are not available.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 14: Deferred tax assets (net)

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Deferred tax assets on account of: | | |
| - Unabsorbed depreciation | 28.36 | 17.85 |
| Deferred tax liability on account of : | | |
| - Fixed assets | 26.36 | 15.72 |
| Net deferred tax asset | 2.00 | 2.13 |
| Net deferred tax asset / liabilities recognized | 2.00 | 2.13 |

Note: Benefits under section 80 IA of Income Tax Act, 1961 is available to IRRJL for period of 10 years starting from financial year 2018-19. The Company would be able to avail the benefits under this section post utilisation of brought forward unabsorbed depreciation.

Note 15.1: Long-term loans and advances (unsecured)

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Considered good : | | |
| Capital advances | 1.80 | 6.46 |
| Security deposits | 2.15 | 1.97 |
| Other loans and advances : | | |
| Surrender value of keyman insurance | 5.57 | 4.80 |
| MAT credit entitlement (refer note 41(a)) | - | 57.30 |
| Advance tax [net of provision ₹106.42 crores (previous year ₹106.42 crores)] | 11.29 | 10.46 |
| Prepaid expenses | - | 1.77 |
| Others | 0.69 | 0.64 |
| | 21.50 | 83.40 |
| Considered doubtful : | | |
| Advances to vendors | 1.80 | 1.80 |
| Less : Provision for doubtful advances | 1.80 | 1.80 |
| | - | - |
| | 21.50 | 83.40 |

Note 15.2: Short-term loans and advances (unsecured, considered good)

| | As at 31 March 2016 | As at 31 March 2015 |
|-------------------------|------------------------|------------------------|
| Others : | | |
| Customs and excise duty | 43.01 | 37.50 |
| Prepaid expenses | 6.46 | 5.23 |
| Advance tax | 0.40 | - |
| Advances to vendors | 11.65 | 26.01 |
| Advances to employees | 0.75 | 1.06 |
| | 62.27 | 69.80 |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 16.1: Other non-current assets

| | As at 31 March 2016 | As at 31 March 2015 |
|------------------------------|------------------------|------------------------|
| Claims and other receivables | 8.35 | 8.05 |
| | 8.35 | 8.05 |

Note 16.2: Other current assets

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Claims and other receivables | 120.05 | 100.97 |
| Forward cover receivable (net) | 14.51 | 13.90 |
| Unbilled revenue | 1.61 | 1.65 |
| Interest accrued on deposits and others | 6.92 | 2.73 |
| | 143.09 | 119.25 |

Note 17: Inventories

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Raw materials [include in transit ₹ 7.93 crores (previous year ₹ 84.92 crores)] | 102.77 | 152.27 |
| Work- in-progress * | 19.76 | 14.08 |
| Finished goods [include in transit ₹ 4.99 crores (previous year ₹ 8.59 crores)]* | 112.52 | 91.04 |
| Stores and spares [include in transit ₹ Nil (previous year ₹ 0.05 crores)]# | 13.95 | 13.01 |
| Packing material # | 4.12 | 2.64 |
| Waste \$ | 3.59 | 0.44 |
| | 256.71 | 273.48 |

* valued at the lower of cost and net realisable value. The inventories were reduced by ₹ 1.50 crores (previous year ₹ 1.10 crores) on account of net realisable value being lower than the cost.

valued at cost or under.

\$ at realisable value.

Additional disclosures regarding inventories

Raw materials

| | | |
|----------------------------|---------------|---------------|
| Purified Terephthalic Acid | 14.79 | 98.08 |
| Mono Ethylene Glycol | 76.88 | 45.98 |
| Others | 11.10 | 8.21 |
| | 102.77 | 152.27 |

Work-in-progress

| | | |
|-------------------------|--------------|--------------|
| Polyester Staple Fibre | 7.95 | 7.08 |
| Polyester Filament Yarn | 6.04 | 4.25 |
| Draw Texturised Yarn | 5.48 | 2.75 |
| Polyester Chips | 0.29 | - |
| | 19.76 | 14.08 |

Finished goods

| | | |
|-------------------------|---------------|--------------|
| Polyester Staple Fibre | 52.16 | 36.96 |
| Polyester Filament Yarn | 23.90 | 21.28 |
| Draw Texturised Yarn | 35.76 | 32.58 |
| Polyester Chips | 0.70 | 0.22 |
| | 112.52 | 91.04 |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 18: Trade receivables

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| - Receivables outstanding for a period exceeding six months from the date they became due for payment | | |
| - Unsecured, considered good | 13.15 | 2.15 |
| - Unsecured, considered doubtful | 3.08 | 3.46 |
| | 16.23 | 5.61 |
| Less: Provision towards doubtful debts | 3.08 | 3.46 |
| | 13.15 | 2.15 |
| - Other receivables, unsecured and considered good | 198.04 | 117.62 |
| | 211.19 | 119.77 |

Note 19: Cash and bank balances

| | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Cash and cash equivalents | | |
| Cash on hand | 0.93 | 0.28 |
| Balances with banks: | | |
| - Current accounts | 6.22 | 11.06 |
| Fixed deposits with original maturity period of upto three months # | - | 12.44 |
| | 7.15 | 23.78 |
| Other bank balances : | | |
| Fixed deposits with banks due to mature within 12 months of reporting date # | 68.57 | 31.53 |
| Balances with banks: | | |
| - Unpaid dividends * | 0.39 | 0.38 |
| Margin money accounts ** | 7.60 | 0.08 |
| | 76.56 | 31.99 |
| | 83.71 | 55.77 |

Pledged with banks for credit limits

* Earmarked against the corresponding provision

** Pledged with banks for performance guarantees issued to government authorities on behalf of the Company

Note 20: Revenue from operations

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Sale of products | | |
| Finished goods | 2,714.69 | 2,961.90 |
| Less: Excise duty | 249.94 | 253.00 |
| | 2,464.75 | 2,708.90 |
| Other operating revenue | | |
| Scrap sales | 11.24 | 9.16 |
| VAT refund | 29.76 | 27.83 |
| Interest from customers | 13.91 | 9.41 |
| Interest on insurance claim (refer note no.39(b)) | 10.95 | - |
| Others | 5.05 | 6.16 |
| | 70.91 | 52.56 |
| Revenue from operations (net) | 2,535.66 | 2,761.46 |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Breakup of revenue from sale of products :

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|-------------------------------|-------------------------------------|-------------------------------------|
| Sale of finished goods | | |
| Polyester Staple Fibre | 1,485.77 | 1,641.67 |
| Polyester Filament Yarn | 472.96 | 555.13 |
| Draw Texturised Yarn | 734.17 | 750.47 |
| Polyester Chips | 11.89 | 0.48 |
| Power | 0.08 | 0.75 |
| Product Waste | 9.82 | 13.40 |
| | 2,714.69 | 2,961.90 |

Note 21: Other income

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Interest on fixed deposits | 4.83 | 2.93 |
| Dividend income from current investments | 0.60 | 0.52 |
| Profit on sale of current investments (net) | 25.45 | 0.99 |
| Gain on sale of fixed assets | - | 3.19 |
| Reversal of provision for diminution in the value of current investments | - | 0.09 |
| Miscellaneous income | - | 1.95 |
| | 30.88 | 9.67 |

Note 22: Cost of materials consumed

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Raw materials : | | |
| Purified Terephthalic Acid | 1,346.81 | 1,540.54 |
| Mono Ethylene Glycol | 607.63 | 611.70 |
| Others | 68.97 | 55.86 |
| | 2,023.41 | 2,208.10 |
| Less: write down of inventory, considered as exceptional item (refer note 43(a)) | (4.09) | (15.26) |
| | 2,019.32 | 2,192.84 |

Note 23: Changes in inventories of finished goods and work-in-progress

| | As at 31 March 2016 | As at 31 March 2015 | (Increase)/decrease during the year ended 31 March 2016 |
|--|------------------------|------------------------|---|
| Inventories at the end of the year | | | |
| - Finished goods | 112.52 | 91.04 | (21.48) |
| - Work-in-progress | 19.76 | 14.08 | (5.68) |
| - Waste | 3.59 | 0.44 | (3.15) |
| | 135.87 | 105.56 | (30.31) |
| Inventories at the beginning of the year | | | 31 March 2015 |
| - Finished goods | 91.04 | 60.73 | (30.31) |
| - Work-in-progress | 14.08 | 10.01 | (4.07) |
| - Waste | 0.44 | 0.47 | 0.03 |
| | 105.56 | 71.21 | (34.35) |
| Write down of inventory, considered as exceptional item (refer note 43(a)) | (22.59) | (5.49) | |
| (Increase) / decrease during the year | (52.90) | (39.84) | |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 24: Employee benefits expense

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus | 95.37 | 82.52 |
| Contribution to provident and other funds (refer note 33) | 5.11 | 4.89 |
| Workmen and staff welfare expenses | 4.97 | 4.68 |
| | 105.45 | 92.09 |

Note 25: Other expenses

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Consumption of stores and spares | 27.29 | 33.05 |
| Power and fuel | 165.17 | 183.25 |
| Rent and hire charges (refer note 36) | 6.76 | 5.66 |
| Repairs and maintenance: | | |
| - plant and machinery | 16.82 | 14.94 |
| - buildings | 1.57 | 2.30 |
| - others | 6.00 | 6.19 |
| Insurance | 1.61 | 1.73 |
| Less: Recovery | 0.48 | 0.91 |
| Rates and taxes | 2.08 | 1.44 |
| Packing materials consumed | 55.14 | 50.67 |
| Freight and forwarding charges | 103.24 | 106.73 |
| Less : Recovery | 77.73 | 67.90 |
| Brokerage and commission on sales (other than to sole selling agents) | 10.00 | 10.04 |
| Cash discounts and claims | 10.60 | 3.84 |
| Directors' sitting fee | 0.09 | 0.07 |
| Legal and professional charges | 5.39 | 4.54 |
| Auditors' remuneration: | | |
| - for audit | 0.44 | 0.42 |
| - for tax audit | - | 0.06 |
| - for other services | 0.27 | 0.28 |
| - for reimbursement of out of pocket expenses | 0.05 | 0.05 |
| Donations | 0.04 | 0.10 |
| Corporate social responsibility expenses (refer note 45) | 0.12 | 0.18 |
| Provision for doubtful debts and advances | 0.45 | 0.85 |
| Loss on discard / disposal of fixed assets | 0.09 | - |
| Increase in excise duty on stocks of finished goods and waste | 4.01 | 3.77 |
| Miscellaneous expenses | 31.54 | 32.65 |
| | 370.56 | 394.00 |

Note 26: Finance costs

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|------------------------|-------------------------------------|-------------------------------------|
| Interest | 33.07 | 28.30 |
| Bank and other charges | 18.59 | 15.08 |
| | 51.66 | 43.38 |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 27: Earnings / (loss) per equity share (EPS)

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Net Profit / (loss) as per Statement of Profit and Loss | | |
| Continuing operations | 55.78 | (21.74) |
| Total operations | 56.14 | (20.69) |
| Number of equity shares of ₹ 10 each at the beginning of the year | 151,822,242 | 151,822,242 |
| Number of equity shares of ₹ 10 each at the end of the year | 151,822,242 | 151,822,242 |
| Weighted average number of equity shares of ₹ 10 each at the end of the year for calculation of basic and diluted EPS | 151,822,242 | 151,822,242 |
| Basic and diluted earnings / (loss) per share (in ₹) (Per share of ₹ 10 each) | | |
| Continuing operations | 3.67 | (1.43) |
| Total operations | 3.70 | (1.36) |

Note 28: CIF value of imports

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|-------------------|-------------------------------------|-------------------------------------|
| Raw materials | 653.60 | 1331.29 |
| Packing material | 1.01 | 0.26 |
| Stores and spares | 5.89 | 3.98 |
| Capital goods | 20.58 | 2.23 |

Note 29: Expenditure in foreign currency (accrual basis)

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|-------------|-------------------------------------|-------------------------------------|
| Travelling | 1.59 | 2.24 |
| Commission | 2.34 | 3.16 |
| Interest | 3.00 | 3.03 |
| Others | 1.38 | 0.76 |

Note 30: Value of raw materials, stores & spares and packing materials consumed

| | Percentage of total consumption (%) | | Value | |
|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2016 | For the year ended 31 March 2015 | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
| Raw materials | | | | |
| Imported | 40 | 66 | 818.23 | 1,466.94 |
| Indigenous | 60 | 34 | 1,205.18 | 741.16 |
| Total | 100 | 100 | 2,023.41 | 2,208.10 |
| Stores and spares | | | | |
| Imported | 15 | 12 | 3.96 | 3.85 |
| Indigenous | 85 | 88 | 23.33 | 29.20 |
| Total | 100 | 100 | 27.29 | 33.05 |
| Packing materials | | | | |
| Imported | 2 | 1 | 1.15 | 0.26 |
| Indigenous | 98 | 99 | 53.99 | 50.41 |
| Total | 100 | 100 | 55.14 | 50.67 |

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to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 31: Net dividend remitted in foreign exchange

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| Period to which dividend relates to | 2014-15 | 2013-14 |
| Number of non-resident shareholders (Nos.) | 2 | 2 |
| Number of equity shares held on which dividend was due (Nos.) | 43,620,465 | 43,620,465 |
| Amount remitted USD 653,980 (Previous year USD 720,761) (₹ in crores) | 4.36 | 4.36 |

Note 32: Earnings in foreign currency (accrual basis)

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---|-------------------------------------|-------------------------------------|
| F.O.B. value of exports | 388.02 | 596.72 |
| Dividend | 0.60 | 0.52 |
| Sale of current investments (Gross consideration) | 28.98 | 0.92 |

Note 33: Disclosure pursuant to Accounting Standard 15 on "Employee Benefits"

a. Defined contribution plans

An amount of ₹ 4.52 crores (previous year ₹ 4.33 crores) for the year has been recognized as an expense in respect of the Holding Company's contributions towards Provident Fund and an amount of ₹ 0.58 crore (previous year ₹ 0.57 crores) for the year has been recognized as an expense in respect of Holding Company's contributions towards Employee State Insurance, which are deposited with the government authorities and has been included under employee benefit expenses in the Statement of Profit and Loss.

b. Defined benefit plans

Gratuity is payable to all eligible employees of the Holding Company on superannuation, death or permanent disablement in terms of the provisions of the Payment of Gratuity Act or as per the Group's Scheme, whichever is more beneficial.

The following table sets forth the status of the gratuity plan of the Group and the amounts recognised in the consolidated Balance Sheet and consolidated Statement of Profit and Loss:

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|--|-------------------------------------|-------------------------------------|
| Changes in present value of obligation | | |
| Present value of obligation as at the beginning of the year | 13.65 | 12.60 |
| Interest cost | 1.10 | 1.05 |
| Current service cost | 0.91 | 0.99 |
| Past service cost | - | - |
| Benefits paid | (1.34) | (0.53) |
| Actuarial (gain) / loss on obligation | (1.20) | (0.46) |
| Present value of obligation as at end of the year | 13.12 | 13.65 |
| - Long term | 12.11 | 12.65 |
| - Short term | 1.01 | 1.00 |
| | 13.12 | 13.65 |
| Expenses recognized in the Statement of Profit and Loss | | |
| Current service cost | 0.91 | 0.99 |
| Past service cost | - | - |
| Interest cost on benefit obligation | 1.10 | 1.05 |
| Net actuarial (gain) / loss recognised in the year | (1.20) | (0.46) |
| Expenses recognised in the Statement of Profit and Loss | 0.81 | 1.58 |

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(All amounts in ₹ Crores, unless otherwise stated)

Experience adjustments

| | For the year ended 31 March 2016 | For the year ended 31 March 2015 | For the year ended 31 March 2014 | For the year ended 31 March 2013 | For the year ended 31 March 2012 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Defined benefit obligation | 13.12 | 13.64 | 12.61 | 12.00 | 11.26 |
| Plan assets | - | - | - | - | - |
| Surplus / (deficit) | (13.12) | (13.64) | (12.61) | (12.00) | (11.26) |
| Experience adjustment on plan liabilities | (0.38) | 0.81 | 0.59 | 0.22 | (0.29) |
| Past service cost | - | - | - | - | - |
| Experience adjustment on plan assets | - | - | - | - | - |

The principal assumptions used in determining gratuity for the Holding Company's plans are shown below:

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|------------------------------------|-------------------------------------|-------------------------------------|
| Discounting rate | 8.20% | 8.10% |
| Retirement age | 58 years | 58 years |
| Salary Escalation Rate (per annum) | 4% | 5% |
| Withdrawal rates | | |
| Age- Upto 30 years | 3% | 3% |
| 31-44 years | 2% | 2% |
| Above 44 years | 1% | 1% |
| Mortality table | IALM (2006-08) | IALM (2006-08) |

Discounting Rate: The discount rate is estimated based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligation.

Salary Escalation Rate: The estimates of salary increases, considered in actuarial valuation, take account of inflation, promotion and other relevant factors.

c. Other long term benefits:

An amount of ₹ 0.92 crores (previous year ₹ 1.79 crores) pertains to expense towards compensated absences and included in "Employee benefits expenses".

Note 34: Segment information:

(a) Information about primary business segment

The primary reporting of the Group has been performed on the basis of business segments. The Group is organised into two business segments – (a) Polyester (b) Renewable energy. Segments have been identified and reported based on the nature of the products/services, the risks and returns, the organisation structure and the internal financial reporting system.

| Particulars | Continuing Operations | | Discontinuing Operations | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2016 | Year ended 31 March 2015 | Year ended 31 March 2016 | Year ended 31 March 2015 |
| Revenue | | | | |
| Segment revenue (net of excise) | | | | |
| - Segment - Polyester | 2,464.75 | 2,708.90 | - | - |
| - Segment – Renewable Energy | - | - | 33.61 | 32.51 |
| | 2,464.75 | 2,708.90 | 33.61 | 32.51 |

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to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

| Particulars | Continuing Operations | | Discontinuing Operations | |
|---|-----------------------|-----------------|--------------------------|---------------|
| | Year ended | | Year ended | |
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Other operating revenue | | | | |
| - Segment - Polyester | 70.90 | 52.48 | - | - |
| - Segment – Renewable Energy | 0.01 | 0.08 | 2.90 | 2.80 |
| | 70.91 | 52.56 | 2.90 | 2.80 |
| Total Revenue from Operations | | | | |
| - Segment - Polyester | 2,535.65 | 2,761.38 | - | - |
| - Segment – Renewable Energy | 0.01 | 0.08 | 36.51 | 35.31 |
| | 2,535.66 | 2,761.46 | 36.51 | 35.31 |
| Results | | | | |
| - Segment - Polyester | 15.64 | 5.28 | - | - |
| - Segment – Renewable Energy | (0.21) | (0.21) | 19.74 | 19.38 |
| | 15.43 | 5.07 | 19.74 | 19.38 |
| Unallocated income (other than interest income) | 26.05 | 6.88 | 0.95 | 0.14 |
| Profit before interest, taxation and exceptional items | 41.48 | 11.95 | 20.69 | 19.52 |
| Finance cost | (51.66) | (43.38) | (20.20) | (20.62) |
| Interest income | 4.83 | 2.93 | - | 0.02 |
| Profit / (Loss) before taxation and exceptional items | (5.35) | (28.50) | 0.49 | (1.08) |
| Exceptional items | | | | |
| - Foreign exchange fluctuation (loss) / gain | (23.62) | 15.02 | - | - |
| - Loss on account of write down of inventories | (26.68) | (20.75) | - | - |
| - Others | (4.23) | - | - | - |
| Net profit before tax | (59.88) | (34.23) | 0.49 | (1.08) |
| Tax expense / (credit) | (115.66) | (12.49) | 0.13 | (2.13) |
| Net Profit after tax | 55.78 | (21.74) | 0.36 | 1.05 |
| Segment assets | | | | |
| - Segment - Polyester | 1,708.03 | 1,590.81 | - | - |
| - Segment – Renewable Energy | 5.63 | 7.63 | 196.48 | 203.44 |
| - Unallocated corporate assets | 12.03 | 72.04 | 11.73 | 14.11 |
| | 1,725.69 | 1,670.48 | 208.21 | 217.55 |
| Segment liabilities | | | | |
| - Segment - Polyester | 871.07 | 629.36 | - | - |
| - Segment – Renewable Energy | 0.02 | 0.02 | 0.88 | 0.25 |
| - Unallocated corporate liabilities | 340.78 | 564.77 | 134.90 | 145.25 |
| - Shareholder's fund | 586.25 | 548.38 | - | - |
| | 1,798.12 | 1,742.53 | 135.78 | 145.50 |
| Capital expenditure | | | | |
| - Segment - Polyester | 85.68 | 15.01 | - | - |
| - Segment – Renewable Energy | - | 0.10 | - | - |
| | 85.68 | 15.11 | - | - |
| Depreciation and amortisation | | | | |
| - Segment - Polyester | 77.76 | 117.16 | - | - |
| - Segment – Renewable Energy | 0.04 | - | 15.16 | 15.16 |
| | 77.80 | 117.16 | 15.16 | 15.16 |

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to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

(b) Information on secondary/ geographical segment

The Group sells polyester products to various manufacturers within the country and also exports to other companies. Further, the Group Sells renewable energy to State Government of Maharashtra. Considering the size and proportion of exports to local sales, the Group considers sales made within the country and exports as two geographical segments. Information of geographical segment is based on the geographical location of the customers.

| Particulars | Continuing Operations For the year ended | | Discontinuing Operations For the year ended | |
|----------------------------|---|-----------------|--|---------------|
| | 31 March 2016 | 31 March 2015 | 31 March 2016 | 31 March 2015 |
| Segment Revenue | | | | |
| Domestic | 2,138.46 | 2,145.43 | 36.51 | 35.31 |
| Overseas | 397.20 | 616.03 | - | - |
| Total | 2,535.66 | 2,761.46 | 36.51 | 35.31 |
| Segment Receivables | | | | |
| Domestic | 158.96 | 91.36 | 13.10 | 4.77 |
| Overseas | 39.13 | 23.64 | - | - |
| Total | 198.09 | 115.00 | 13.10 | 4.77 |

Note: All assets of the Group are located in India except as mentioned above.

(c) Accounting policies for segment

The accounting principles consistently used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditure in individual segments are as set out in this schedule on significant accounting policies. In addition, the accounting policies in relation to segment accounting are as follows:

(i) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of fixed assets, capital work in progress, current and non-current assets and long term and short term loans and advances except advance tax, MAT credit entitlement and investments. Segment liabilities include all operating liabilities in respect of a segment and consist principally of creditors and accrued liabilities. Segment liabilities do not include share capital, reserves, borrowings and corresponding interest accrued, proposed dividend, provision for tax and deferred tax liability.

(ii) Segment revenue and expenses

Segment revenue and expenses are directly attributable to the segment and have been allocated to various segments on the basis of specific identification. However, segment revenue and expenses do not include interest and other income/expense in respect of non segmental activities.

Note 35: Related party disclosures (As per Accounting Standard – 18)

(i) Related parties where control exists: Nil

(ii) Other related parties with whom Group had transactions:

| | |
|--|--|
| (a) Key management personnel and their relatives | Holding Company: |
| | Mr. Mohan Lal Lohia, Chairman Emeritus |
| | Mr. Om Prakash Lohia, Chairman cum Managing Director ('CMD') |
| | Mr. Vishal Lohia, Whole Time Director ('WTD') |
| | Mr. Anant Kishore (Executive Director) |
| | Mrs. Urmila Lohia, wife of CMD |
| | Mr. Aloke Lohia, Brother of CMD |
| | Mrs. Ritika Kumar, Daughter of CMD |
| | Ms. Aruna Goenka, Sister of CMD |
| | Mrs. Rimple Lohia, Wife of WTD |

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to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

(ii) Other related parties with whom Company had transactions: (Contd.)

| | |
|---|--|
| (b) Enterprises over which key management personnel or their relatives have significant influence | Indo Rama Petrochem Limited (IRPL), Thailand |
| | T P T Petrochemicals PCL (TPT Petro), Thailand |
| | P T Indorama Petrochemicals, Indonesia |
| | Lohia Industries Pvt Ltd. |
| (c) Enterprises having significant influence on the Group | Indorama Retail Holdings Pvt Ltd. |
| | Brookgrange Investments Limited |

(iii) Transactions with related parties for the year ended 31 March 2016:

| Particulars | Key Management Personnel | Enterprises over which key management personnel or their relatives have significant influence | Enterprises having significant influence | Total |
|-------------------------------------|--------------------------|---|--|----------|
| Purchases of raw material | | | | |
| - Indorama Petrochem Limited | | 47.17 | | 47.17 |
| | | (410.83) | | (410.83) |
| - TPT Petrochemicals Public Co. Ltd | | 25.16 | | 25.16 |
| | | (329.25) | | (329.25) |
| - PT. Indorama Petrochemicals | | 39.84 | | 39.84 |
| | | (16.94) | | (16.94) |
| Managerial remuneration * | | | | |
| - Mr. O.P. Lohia | 2.82 | | | 2.82 |
| | (2.83) | | | (2.83) |
| - Mr. Vishal Lohia | 2.11 | | | 2.11 |
| | (2.08) | | | (2.08) |
| - Mr. Anant Kishore | 1.08 | | | 1.08 |
| | (1.06) | | | (1.06) |
| Dividend paid | | | | |
| - Brookgrange Investments Limited | | | 4.33 | 4.33 |
| | | | (4.33) | (4.33) |
| - Mr. O.P. Lohia | 3.54 | | | 3.54 |
| | (3.54) | | | (3.54) |
| - Mrs. Urmila Lohia | 1.59 | | | 1.59 |
| | (1.59) | | | (1.59) |
| - Others | 0.68 | | | 0.68 |
| | (0.73) | | | (0.73) |

(iv) Closing Balance of related parties :

| Particulars | Key Management Personnel | Enterprises over which key management personnel or their relatives have significant influence | Enterprises having significant influence | Total |
|-------------------------------------|--------------------------|---|--|---------|
| Trade Payables: | | | | |
| - Indorama Petrochem Limited | | 52.73 | | 52.73 |
| | | (61.15) | | (61.15) |
| - TPT Petrochemicals Public Co. Ltd | | 42.47 | | 42.47 |
| | | (90.80) | | (90.80) |
| - PT. Indorama Petrochemicals | | - | | - |
| | | (16.95) | | (16.95) |

* excludes expenditure towards gratuity and compensated absences, since the same are based on actuarial valuations for the Group as a whole. Personal guarantee has been given by Mr. Om Prakash Lohia (CMD) and Mr. Vishal Lohia (WTD) in respect of loan taken by the Holding Company amounting to ₹ 53.12 crores (previous year ₹65.63 crores).

Note: Previous year figures have been given in brackets.

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to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 36: Long-term obligations in respect of operating lease

The Holding Company has taken office space on operating lease. The lease rentals charged during the year in respect of cancellable and non cancellable operating leases and maximum obligations on long term non-cancellable operating lease payable as per the rentals stated in the agreement are as follows:

| Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|----------------------|-------------------------------------|-------------------------------------|
| Lease rental expense | 6.76 | 5.65 |

Future minimum lease rentals for non-cancellable operating lease

| Particulars | Total future minimum lease rentals payable as on 31 March 2016 | Total future minimum lease rentals payable as on 31 March 2015 |
|---|---|---|
| Within one year | 1.67 | 1.67 |
| Later than one year and not later than five years | 2.31 | 3.98 |
| Later than five years | - | - |
| Total | 3.98 | 5.65 |

Note 37: Contingent liabilities and commitments (to the extent not provided for)

Contingent liabilities:

- Claims against the Holding Company not acknowledged as debts.

| | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Excise / customs / service tax matters in dispute/ under appeal | 92.26 | 62.83 |
| Income tax matters in dispute/ under appeal | 11.88 | 11.88 |
| Sales tax matters in dispute/ under appeal | 12.84 | 11.04 |
| Claims by ex-employees, vendors, customers and civil cases | 0.95 | 0.84 |

- Customs duty claims (including penalties) against the Holding Company aggregating to ₹ 214.25 crores (previous year ₹ 214.25 crores) have not been considered contingent as favorable orders have been received, in some of the cases, by the Holding Company from the CESTAT. The Holding Company believes, that its position is strong in this regard. The matter is pending with the Honorable Supreme Court. In addition, during the previous year, the Holding Company has also received a show cause notice amounting to ₹ 6.01 crores.

The Holding Company believes that the above issue, when finally settled is not likely to have any significant impact on the financial position of the Company.

Commitments:

- Estimated amount of contracts remaining to be executed on capital account of Holding Company and not provided for (net of advances) is ₹ 17.46 crores (previous year ₹ 25.48 crores).
- IRRL - Irrevocable and unconditional corporate guarantee against loan taken by subsidiary company, Indo Rama Renewables Jath Limited from financial institution.
- IRRPL - Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹ 2.22 crores (previous year ₹ 2.22 crores).
- IRRRL - Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) amounts to ₹ 8.60 crores (previous year ₹ 8.60 crores).
- The Holding Company has commitments to export 191,549 MT (previous year 285,985 MT) of finished goods as per foreign trade policy pursuant to import of duty free material under advance license scheme.

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to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 38: Derivative instruments and unhedged foreign currency exposure

(a) Foreign currency forward contracts outstanding:

| Purpose | As at 31 March 2016 | | As at 31 March 2015 | |
|---|---------------------|---------------|---------------------|---------------|
| | USD Millions | INR crores | USD Millions | INR Crores |
| Hedging of expected future exports (Sell) | 110.21 | 730.27 | 126.40 | 789.93 |

(b) Particulars of unhedged foreign currency exposure:

| Particulars | Currency | As at 31 March 2016 | | | As at 31 March 2015 | | |
|------------------------------------|----------|--|--|-------------------------|--|--|-------------------------|
| | | Amount in foreign currency (millions) | Exchange rate (in absolute rupees) | Amount (in ₹ crores) | Amount in foreign currency (millions) | Exchange rate (in absolute rupees) | Amount (in ₹ crores) |
| Trade payables | USD | 24.95 | 66.26 | 165.32 | 51.31 | 62.505 | 320.73 |
| | Euro | 0.01 | 75.42 | 0.11 | 0.02 | 67.21 | 0.15 |
| | JPY | 107.13 | 0.59 | 6.32 | 79.52 | 0.52 | 4.14 |
| | AED | 5.06 | 18.04 | 9.13 | 4.81 | 17.02 | 8.19 |
| Advance from customers | USD | 0.35 | 66.26 | 2.34 | 0.70 | 62.505 | 4.36 |
| Loans (including interest payable) | USD | 22.80 | 66.26 | 151.06 | 32.23 | 62.505 | 201.43 |
| | Euro | 6.19 | 75.42 | 46.70 | 6.81 | 67.21 | 45.77 |
| Capital creditors | USD | 1.72 | 66.26 | 11.42 | - | - | - |

Note 39: Insurance claim receivables:

(a) The Holding Company had lodged claims with its insurance company for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to a fire incidence at Butibori plant in 2007-08. Since, the matter has been under dispute with the insurance company, as per the terms and conditions of the above policy, the Holding Company has, during the previous years, initiated the arbitration process for a claim of ₹ 72.94 crores for loss of business interruption and for the claim of ₹ 6.43 crores for loss of assets. While the said matter was pending conclusion by the Arbitral Tribunal, the Holding Company, on a conservative basis, carried forward insurance recoverable (recorded in the financial year ended 31 March 2008) to the extent of ₹ 33.53 crores (net of receipt/adjustment) as advances recoverable, without prejudice to its right to claims aggregating ₹ 79.37 crores. On 1 August 2012, the Arbitral Tribunal decided the matter in the favour of the Holding Company with an award of ₹ 32.45 crores (net off receipt/adjustment) and interest at 9% per annum from July 2008 till the date of payment. Pursuant to the above award, the Holding Company had during the year 2012-13 recorded the interest receivable amounting to ₹ 11.69 crores upto July 2012 (the date of order) and aligned the carrying amount of insurance claim. The Insurance Company had filed an appeal in the Delhi High Court against the same. On 20 January 2015, the Delhi High Court Single bench pronounced the order wherein the Court has remanded the matter back to Arbitral Tribunal for computation of claim

on "turnover basis". Subsequently, the Holding Company had filed an appeal with the Delhi High Court double bench and an interim stay has been awarded pending disposal. Currently, the case is pending with Delhi High Court.

- (b) During the year ended 31 March 2016, the Holding Company has recognized interest income of ₹ 10.95 crore on award decided by the arbitral tribunal, for the loss of certain assets and loss suffered due to business interruption under loss of profit policy relating to fire incidence at its plant in 2007-08 under 'other operating income'.
- (c) Consequent to an incident of fire during the year 2011-12, the Holding Company had spent ₹ 7.58 crores on refurbishment of the concerned plant and machinery, which had been recognized as a receivable from the insurance company under other current assets. During the current year, the claim was rejected by insurer on grounds of insufficient premium paid. The Company has filed the writ petition on 6 May 2016 against the insurance company.

Further, the Holding Company strongly believes and is reasonably certain that the above cases do not have any significant impact on the financial position of the Holding Company and it will be able to realize the above amounts in the normal course and, therefore, all the claims have been classified as current.

Notes

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(All amounts in ₹ Crores, unless otherwise stated)

Note 40: Based on the information available, there are certain vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of 'The Micro, Small and Medium Enterprises Development Act', 2006, are given below:

| Sl. no. | Particulars | 2015-16 | 2014-15 |
|---------|--|---------|---------|
| (i) | the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of year | | |
| | - principal amount* | 0.03 | - |
| | - interest thereon | - | - |
| (ii) | the amount of interest paid in terms of section 16, along with the amounts of the payment made to the suppliers beyond the appointed day: | | |
| | - principal amount** | 0.14 | 0.09 |
| | - interest thereon | - | - |
| (iii) | the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act # | 0.01 | - |
| (iv) | the amount of interest accrued and remaining unpaid ## | 0.02 | 0.01 |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act | - | - |

* ₹ 253 thousand (previous year ₹ 24 thousand)

** ₹ 1,421 thousand (previous year ₹ 893 thousand)

₹ 58 thousand (previous year ₹ 15 thousand)

₹ 158 thousand (previous year ₹ 99 thousand)

Note 41:

- The Holding Company has internally assessed the operating margins and it's set-off against accumulated Unabsorbed Depreciation as per the income tax laws. In the absence of virtual certainty and as a matter of prudence the Company has charged off MAT Credit entitlement amounting to ₹ 57.30 crores during the year.
- Earlier, the Holding Company had not recorded deferred tax assets in relation to unabsorbed depreciation as the same has been subject matter of litigation. Pursuant to the changes made by Finance Act, 2015 and based on opinion of legal counsel, the Company is reasonably certain that the litigation do not have any significant impact on recoverability of ₹ 158.33 crore of unabsorbed depreciation to the extent of future reversal of deferred tax liabilities.

Note 42: The Holding Company had made an early application, since the year 2010-11, of Accounting Standard 30 "Financial Instruments- Recognition and Measurement", issued by the Institute of Chartered Accountants of India for accounting for forward exchange contracts taken for highly probable / forecast transactions, which are not covered by Accounting Standard 11. An amount of ₹ 5.09 crores has been recognized as income (previous

year an expense of ₹ 4.69 crores) in the financial statements for the year ended 31 March 2016 and included in exceptional items as an adjustment on the said application of Accounting Standard 30.

Note 43: Exceptional items :

The Holding Company has treated following as exceptional items:

- Inventory losses amounting to ₹ 26.68 crore for the year ended March 31, 2016, which includes loss of ₹ 4.62 crore (previous year ₹ 20.75 crore) on account of write down of closing inventories, calculated on month on month basis, incurred by the Company due to crash in global crude oil prices and consequently impacting raw material prices, i.e., of PTA and MEG. The loss incurred has been primarily due to the timing difference in the prices at which material has been purchased and sold.
- Due to significant volatility in the foreign currency vis-à-vis local currency, the Company has considered the foreign exchange fluctuation as an exceptional item in the Statement of Profit and Loss.
- 'Others' includes differential excise duty (including interest thereon) amounting to ₹ 4.23 crore paid in compliance with the judgment of the Supreme Court.

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 44: Discontinuing Operations

Pursuant to the approval accorded by Board of Directors by its resolution dated 10 February 2016, the Group has entered into an agreement (hereinafter referred as Share Purchase agreement) with Tata Power Renewable Energy Limited (TPREL) to sell 100% shares of its wholly owned subsidiary Indo Rama Renewables Jath Limited. Indo Rama Renewables Jath Limited owns and operates 30 MW Wind Farm at Jath, in Maharashtra. The Group is in process of complying with the conditions stipulated in the Share Purchase Agreement. The subsidiary is a part of 'Renewable Energy' segment of the Group.

The results for the discontinuing operation were as under:

(A) Details of Profit / (Loss) from ordinary activities

| Sl. No. | Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---------|---|-------------------------------------|-------------------------------------|
| 1 | Income from operations | | |
| (a) | Net sales/income from operations (Net of excise duty) | 33.61 | 32.51 |
| (b) | Other operating income | 2.90 | 2.80 |
| | Total income from operations (net) | 36.51 | 35.31 |
| 2 | Expenses | | |
| (a) | Employee benefits expense | 0.07 | 0.31 |
| (b) | Other expenses | 1.54 | 0.46 |
| | Total expenses before depreciation and finance costs | 1.61 | 0.77 |
| 3 | Profit from operations before depreciation, other income and finance costs (1-2) | 34.90 | 34.54 |
| 4 | Depreciation expense | 15.16 | 15.16 |
| 5 | Total expenses after depreciation, before finance costs (2+4) | 16.77 | 15.93 |
| 6 | Profit from operations before other income and finance costs (1-5) | 19.74 | 19.38 |
| 7 | Other income | 0.95 | 0.16 |
| 8 | Profit from ordinary activities before finance costs (6+7) | 20.69 | 19.54 |
| 9 | Finance costs | 20.20 | 20.62 |
| 10 | Profit / (Loss) from ordinary activities (8-9) | 0.49 | (1.08) |
| 11 | Tax expense / (credit) | 0.13 | (2.13) |
| 12 | Net Profit / (Loss) for the year from discontinuing operations (10-11) | 0.36 | 1.05 |

(B) Assets and Liabilities (as at the balance sheet date relating to the discontinuing business to be disposed off)

| Sl. No. | Particulars | As at 31 March 2016 | As at 31 March 2015 |
|---------|----------------------------------|------------------------|------------------------|
| 1 | Carrying amount of assets | 208.21 | 217.54 |
| 2 | Carrying amount of liabilities # | 151.69 | 161.38 |

includes ₹15.90 crore (previous year ₹15.88 crore) to be repaid to the holding Company, which has been eliminated on consolidation being within the Group)

(C) Net Cash Flow

| Sl. No. | Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---------|--------------------------------------|-------------------------------------|-------------------------------------|
| 1 | Cash flows from operating activities | 25.33 | 41.16 |
| 2 | Cash flows from investing activities | 3.59 | (21.92) |
| 3 | Cash flows from financing activities | (28.52) | (20.02) |

Notes

to the Consolidated Financial Statements for the year ended 31 March 2016

(All amounts in ₹ Crores, unless otherwise stated)

Note 45: CSR expenditure

(a) Gross amount required to be spent by the Company during the year: ₹ Nil (previous year ₹ 0.36 crores).

(b) Amount spent during current year is as follows:

| Sr. No. | Particulars | For the year ended 31 March 2016 | For the year ended 31 March 2015 |
|---------|------------------------|-------------------------------------|-------------------------------------|
| 1 | Promotion of Education | 0.11 | 0.17 |
| 2 | Health Care | 0.01 | 0.01 |
| | Total | 0.12 | 0.18 |

Note 46: The figures relating to the previous year have been regrouped and reclassified wherever necessary to confirm to the current year's classification.

As per our report attached to the balance sheet.

For **B S R and Associates**

Chartered Accountants

ICAI Firm registration number: 128901W

Jiten Chopra

Partner

Membership No.: 092894

Place: Gurgaon

Date: 18 May 2016

For and on behalf of the Board of Directors of **Indo Rama Synthetics (India) Limited**

Om Prakash Lohia

Chairman and Managing Director

DIN: 00206807

Jayantk Sood

Company Secretary

ICSI Membership No.: FCS4482

Place: Gurgaon

Date: 18 May 2016

Ashok Kumar Ladha

Director

DIN: 00089360

Sanjeev Aggarwal

President and Chief Financial Officer

ICAI Membership No.: 089369

Information related to subsidiaries including subsidiaries of subsidiaries:

(Pursuant to first proviso to Sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014).

| S. No. | Name of Subsidiary Company | Reporting Currency | Capital | Reserves | Total Assets | Total Liabilities | Investments | Turnover/ Total Income | Loss(-)/ Profit Before Taxation | Provision for Taxation / (Credit) | Loss(-)/ Profit After Taxation | % of Shareholding | Amount in Crores | |
|--------|--|--------------------|------------------|------------------|--------------------|--------------------|--------------|------------------------|---------------------------------|-----------------------------------|--------------------------------|-------------------|-------------------|---------|
| | | | | | | | | | | | | | Proposed Dividend | Country |
| 1 | Indo Rama Renewables Limited | INR | 39.85 (39.85) | -1.46 (-1.26) | 81.97 (83.94) | 81.97 (83.94) | - (-) | 0.01 (0.08) | -0.20 (-0.19) | - (-) | -0.20 (-0.19) | 100% | - (-) | India |
| 2 | Indo Rama Renewables Jath Limited | INR | 60.30 (60.30) | -3.78 (-4.14) | 208.21 (217.54) | 208.21 (217.54) | - (11.98) | 37.46 (35.47) | 0.49 (-1.08) | 0.13 (-2.13) | 0.36 (1.05) | 100% | - (-) | India |
| 3 | Indo Rama Renewables Porbandar Limited | INR | 0.05 (0.05) | -0.06 (-0.05) | 0.99 (2.49) | 0.99 (2.49) | - (-) | - (-) | -0.01 (-0.01) | - (-) | -0.01 (-0.01) | 100% | - (-) | India |
| 4 | Indo Rama Renewables Ramgarh Limited | INR | 0.05 (0.05) | -0.09 (-0.08) | 1.63 (2.33) | 1.63 (2.33) | - (-) | - (-) | -0.01 (-0.02) | - (-) | -0.01 (-0.02) | 100% | - (-) | India |

Ten Years at a Glance

Financial Highlights

Amount in Million

| Year ended 31st March | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|
| Sales & Other Income (₹/Million) | 28,165 | 30,242 | 31,050 | 34,072 | 33,883 | 30,446 | 26,899 | 25,962 | 28,592 | 22,177 |
| (Of which Exports Turnover) (₹ /Million) | 4,921 | 6,796 | 7,448 | 8,421 | 9,089 | 8,053 | 5,296 | 4,228 | 5,347 | 3,400 |
| PBDIT (₹/Million) * | 698 | 1,265 | 1,451 | 2,432 | 2,538 | 4,279 | 2,338 | 1,348 | 2,573 | 1,807 |
| Finance costs (₹/Million) | 517 | 434 | 352 | 445 | 612 | 697 | 770 | 1,138 | 1,029 | 396 |
| Profit before Depreciation / Amortisation and Tax (₹/Million) * | 181 | 831 | 1,099 | 1,987 | 1,926 | 3,582 | 1,568 | 210 | 1,544 | 1,411 |
| Depreciation/DRE-W/O (₹/Million) | 778 | 1,172 | 1,351 | 1,580 | 1,544 | 1,499 | 1,491 | 1,515 | 1,473 | 1,068 |
| Profit/(Loss) before Tax (₹/Million) | (597) | (340) | (253) | 407 | 382 | 2,083 | 76 | (1,305) | 71 | 343 |
| Profit/(Loss) after Tax (₹/Million) | 560 | (215) | (82) | 413 | 320 | 1,394 | 71 | (978) | 30 | 206 |
| Earning/(Loss) per Share (₹) | 3.69 | (1.42) | (0.54) | 2.72 | 2.11 | 9.18 | 0.47 | (6.44) | 0.20 | 1.57 |
| Gross Fixed Assets (₹/Million) | 32,924 | 32,185 | 32,505 | 32,235 | 31,696 | 30,542 | 30,327 | 30,723 | 30,109 | 28,060 |
| Net Current Assets/ (Liabilities) (₹/Million) | (884) | 70 | 854 | 1,049 | 840 | 829 | 316 | (164) | 1,360 | 54 |
| Equity Capital (₹/Million) | 1,518 | 1,518 | 1,518 | 1,518 | 1,518 | 1,518 | 1,518 | 1,518 | 1,518 | 1,318 |
| Reserves & Surplus # (₹/Million) | 4,398 | 4,021 | 4,419 | 4,566 | 4,475 | 4,477 | 3,569 | 3,636 | 4,817 | 5,273 |
| Loan Funds (₹/Million) | 3,214 | 3,725 | 5,110 | 5,660 | 5,872 | 6,085 | 8,711 | 10,134 | 10,961 | 9,418 |
| Net Worth # (₹/Million) | 5,916 | 5,539 | 5,937 | 6,287 | 6,196 | 6,198 | 5,087 | 5,154 | 6,335 | 6,591 |
| Book Value/Share (₹) | 38.97 | 36.48 | 39.11 | 41.41 | 40.82 | 40.83 | 33.51 | 34 | 42 | 50 |
| Sales/Share Capital (Times) | 18.55 | 19.92 | 20.45 | 22.45 | 22.32 | 20.06 | 17.72 | 17 | 19 | 16 |

* Including Exceptional items, for 2015-16, 2014-15, 2013-14, 2012-13, 2011-12 & 2010-11

Includes Revaluation of Assets.

Note: Figures of the previous year are regrouped wherever necessary.

Notes

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Notes

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Notes

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Marketing offices

Bhilwara

Shop No. G1, G2,
Nakoda Textile Tower,
Trilok Marg - Gandhinagar,
Bhilwara-311001,
Rajasthan, India
Tel: 01482-248576
Telefax: 01482-248733

Coimbatore

Sarang, 1st Floor, 8/5,
Race Course Road,
Coimbatore-641 018,
Tamil Nadu, India
Tel: 0422-2220456
Fax: 0422-2220658

Erode

37/3, 'G Tower',
Perundurai Road,
Erode-638011,
Tamil Nadu, India
Telefax: 0424-2240847

Gurgaon

20th Floor, DLF Square,
DLF Phase-II,
NH-8, Gurgaon-122 002,
Haryana, India
Tel: 0124-499 7000
Fax: 0124-499 7070

Hyderabad

Flat No- 202,
Shakkilam Apartment,
Gautam Nagar, Malkangiri,
Secunderabad - 500047,
Telengana, India

Kolkata

7-C, Kiran Shankar Roy Road,
Hastings Chambers, Ground Floor,
Room No-GX,
Kolkata-700001,
West Bengal, India

Ludhiana

B-XIX-122/2, 4th Floor, Golden Plaza,
The Mall Road,
Ludhiana-141 001,
Punjab, India
Tel: 0161-2442752 / 5045068

Madurai

G1/ Kamashwara Apartment,
Sathya Sai Nagar, Main Road,
Madurai – 625003,
Tamil Nadu

Mumbai

The Metropolitan, 6th Floor,
Bandra Kurla Complex, Bandra (East),
Mumbai-400 051,
Maharashtra, India
Tel: 022-26571234
Fax: 022-26571222

Silvassa

A/9, 1st Floor,
Gurukrupa Business Centre,
Opp. Kotak Mahindra Bank,
Vapi Main Road, Amli,
Silvassa-396230,
UT of Dadra & Nagar Haveli, India
Tel: 0260-2643416/17, 2644519

Surat

202, Trividh Chambers,
Opp. Fire Brigade Station,
Ring Road,
Surat-395 002,
Gujarat, India
Tel: 0261-2339368 / 2350701 / 2350687

Manufacturing complex

A-31, MIDC Industrial Area, Butibori,
Nagpur – 441122, Maharashtra, India.
Tel: 07104 - 663 000/01,
Fax: 07104 - 663 200

INDO RAMA **Synthetics (India) Limited**

Corporate Office

20th Floor, DLF Square, DLF Phase II, NH 8, Gurgaon - 122002,
Haryana, India. Tel.: 91 124 4997000, Fax: 91 124 4997070
E-mail: corp@indorama-ind.com

Registered Office

A-31, MIDC Industrial Area, Butibori, Nagpur - 441122,
Maharashtra, India. Tel: 91 7104 663 000/01, Fax: 91 7104 663200

CIN: L17124MH1986PLC166615

www.indoramaindia.com

INDO RAMA SYNTHETICS (INDIA) LIMITED

Regd. Office: A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra.

Tel.: 07104-663000 / 01 Fax: 07104-663200, CIN: L17124MH1986PLC166615

Email: investor-relations@indorama-ind.com Website: www.indoramaindia.com

NOTICE

NOTICE is hereby given that the 30th Annual General Meeting of the Members of Indo Rama Synthetics (India) Limited (CIN L17124MH1986PLC166615) will be held on Friday, 30th September 2016, at 1:30 PM, at the Registered Office of the Company at A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statement, including Audited Consolidated Financial Statement, for the year ended 31st March 2016 and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March 2016.
3. To appoint a Director in place of Mr. Mohan Lal Lohia (DIN 00918397), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
4. **To ratify the appointment of Statutory Auditors.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby ratify the appointment of M/s B S R and Associates, Chartered Accountants, Gurgaon (ICAI Firm Registration No. 128901W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company to be held in the year 2017 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS

5. **Appointment of Dr. Arvind Pandalai (DIN 00352809) as an Independent Director.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, read with schedule IV of the said Act,

Dr. Arvind Pandalai (DIN 00352809), who was appointed as an Additional Director of the Company with effect from 31st August 2016, under Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years commencing from 31st August 2016."

6. **Revision of Remuneration of Mr. Om Prakash Lohia (DIN 00206807), Chairman and Managing Director.**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other approvals as may be necessary, consent of the Members of the Company be and are hereby accorded for the revised remuneration of Mr. Om Prakash Lohia (DIN 00206807), Chairman and Managing Director of the Company, for the remaining tenure of 2 years, commencing from 26th December 2015 to 25th December 2017, in pursuance of this resolution, on the terms and conditions as are set out in the Explanatory Statement to this resolution and also contained in the agreement to be entered into between the Company and Mr. Om Prakash Lohia, submitted to this meeting, be and is hereby specifically approved and sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board", which terms shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said revision of remuneration and / or agreement, subject to the same not exceeding the limits as specified in Schedule V to the Companies Act, 2013, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Om Prakash Lohia;

RESOLVED FURTHER THAT the consent of the Members of the Company be and are hereby also accorded that where in any financial year, during the term of office of Mr. Om Prakash Lohia, the Company has no profits or its profits are inadequate, Mr. Om Prakash Lohia shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, wherever required;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid Resolutions."

7. **Re-appointment of Mr. Vishal Lohia (DIN 00206458) as Whole-time Director.**

To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other approvals as may be necessary, consent of the Members of the Company be and are hereby accorded to re-appointment of Mr. Vishal Lohia (DIN 00206458) as Whole-time Director of the Company, for a further period of 3 years commencing from 1st April 2016 to 31st March 2019 and the terms of revised remuneration payable to Mr. Vishal Lohia for the said period, in pursuance of this resolution, on the terms and conditions as are set out in the Explanatory Statement to this resolution and also contained in the agreement to be executed between the Company and Mr. Vishal Lohia, submitted to this meeting, be and is hereby specifically approved and sanctioned with liberty to the Board of Directors (hereinafter referred to as "Board", which terms shall be deemed to include the Nomination and Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said re-appointment and/or revised remuneration and / or agreement, subject to the same not exceeding the limits as specified in Schedule V to the Companies Act, 2013, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Vishal Lohia;

RESOLVED FURTHER THAT the consent of the Members of the Company be and are hereby also accorded that where in any financial year, during the term of office of Mr. Vishal Lohia, the Company has no profits or its profits are inadequate, Mr. Vishal Lohia shall continue to get the same remuneration as aforesaid as minimum remuneration subject to the provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, wherever required;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid Resolutions."

8. **To enter into Related Party Transactions.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with Rules issued thereunder, including the Companies (Meetings of Board and its powers) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company, for entering the contracts/ arrangements/transactions with the related parties for the financial year 2016-17, for (a) sale, purchase or supply of any goods or materials directly or through appointment of agent, and (b) availing or rendering of any services whether technical and/or financial and/or both, more particularly described in the Explanatory Statement of this Notice, for an aggregating maximum amount not exceeding during the financial year by ₹ 1,000 Crore (Rupees One Thousand Crore only);

RESOLVED FURTHER THAT pursuant to the provisions of Section 189 of the Companies Act, 2013 read with the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company Secretary/Authorised Signatory of the Company be and are hereby authorised to make necessary entries in the Register of Contracts/ arrangements and duly initialled/authenticated by the Company Secretary/Authorised Signatory of the Company;

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to decide upon the nature and value of the products, goods, materials or services to be transacted/ availed with/from the related parties within the aforesaid limit and to take such steps as may be necessary to obtain approvals, sanctions, consents, permissions and perform/execute all such acts, deeds, matters and things (including delegation of such authority), as may be deemed necessary, proper or expedient and generally to do all acts, deeds, matters and things necessary for the purpose of giving effect to this resolution."

9. **To approve/issue of unsecured Non-Convertible Debentures on private placement basis.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 42, 71 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) read with the Rules made thereunder, as may be amended from time to time, and pursuant to the provisions of SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI (Issue and Listing of Debt Securities) (Amendment) Notification, 2012 and 2014 and other applicable SEBI Regulations and Guidelines, the provisions of the Memorandum and Articles of Association of the Company and subject to

such other applicable laws, Rules and Regulations and Guidelines, approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee which the Board may constitute to exercise its power, including the powers conferred by this resolution) for making offer(s) or invitation(s) to subscribe to Secured/ Unsecured/Redeemable Non-Convertible Debentures (NCDs) including but not limited to subordinated Debentures, Bond and/or other Debt Securities, etc., on a Private Placement basis, in one or more tranches, during the period of one year from the date of passing of the Special Resolution by the Members, within the overall borrowing limits of the Company, as may be approved by the Members from time to time;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board/Committee be and is hereby authorised to determine the terms of issue including the class of investors to whom NCDs are to be issued, time, securities to be offered, the number of NCDs, tranches, issue price, tenor, interest rate, premium/discount, listing and to do all such acts and things and deal with all such matters and take all such steps as may be necessary and to sign and execute any deeds/documents/undertakings/agreements/ papers/ writings, as may be required in this regard."

10. To ratify the Remuneration of Cost Auditors.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any,

of the Companies Act, 2013, read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications of re-enactments thereof, for the time being in force) the Remuneration of ₹ 1,80,000/- (apart from reimbursement out of pocket expenses and applicable taxes) to M/s. Balaji & Associates, Cost Accountants, New Delhi (Firm Registration No. 000112), who were appointed by the Board of Directors in their Meeting held on 18th May 2016 for conducting the audit of cost records of the Company for the year ending 31st March 2017, be and is hereby approved and ratified;

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

By Order of the Board of Directors
Indo Rama Synthetics (India) Limited

Jayantk Sood
Head-Corporate & Company Secretary
(FCS No. 4482)

Place : Gurgaon
Date : 31st August 2016

Registered Office:
A-31, MIDC Industrial Area
Butibori, Nagpur - 441122, Maharashtra
CIN: L17124MH1986PLC166615
E-mail: investor-relations@indorama-ind.com

Notes:

- 1) The Register of Members and the Share Transfer books of the Company will remain closed from Friday, 23rd September 2016 to Friday, 30th September 2016 (both days inclusive) for annual closing and determining the names of members eligible for dividend on equity shares, if declared at the Meeting.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may

appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

- 3) Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at this Meeting.
- 4) Explanatory Statement under Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at this meeting, is annexed hereto.
- 5) In terms of Section 152 of the Companies Act, 2013, Mr. Mohan Lal Lohia (DIN 00918397), Director, retire by rotation at the meeting and being eligible, offer, himself for re-appointment. The Board of Directors of the Company commends his re-appointment.
- 6) The brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of Companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors, inter-se, as stipulated

under Listing Regulations with the Stock Exchanges, the Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India and approved by the Central Government forms integral part of the Notice.

- 7) Members / Proxies / Authorised Representatives are requested to bring to the meeting the necessary details of their shareholdings, attendance slip and copy of Annual Report.
- 8) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 9) Pursuant to the provisions of Section 125 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the due date is required to be transferred to the "Investor Education and Protection Fund" (IEPF) constituted by the Central Government. The Company had, accordingly, transferred ₹ 5,40,690/- (Rupees Five Lacs Forty Thousand Six Hundred Ninety only) being the unpaid and unclaimed dividend amount pertaining to the financial year 2007-08, on 16th October 2015, to the Investor Education and Protection Fund of the Central Government.

The Ministry of Corporate Affairs (MCA) on 10th May 2012 notified the IEPF (uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules), which is applicable to the Company. The objective of the IEPF Rules is to help the members ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post, etc. In terms of the said IEPF Rules, the Company has uploaded the information in respect of the unclaimed dividends for the financial years from 2010-11, as on the date of the 29th Annual General Meeting (AGM) held on 30th July 2015, on the website of the IEPF, viz.; www.iepf.gov.in and under "Investor Relations" on the Website of the Company, viz.; www.indoramaindia.com

- 10) Members who have not encashed their dividend warrant(s), so far, in respect of the financial years from 2010-2011 to 2014-15, are requested to write to the Company to send the unclaimed dividend amount.
- 11) Members holding shares in the electronic form are requested to intimate all changes with respect to their bank details, mandate, etc., to their respective Depository Participants (DPs). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to the members.
- 12) Members holding shares in physical form who have not yet provided the Bank details are once again requested to provide their latest Bank Account Number, Name of Bank and address of the Branch, quoting their Folio Number to enable the Company to print the Bank Account details on the Dividend Warrants. This would

ensure safety in so far as the dividend warrant, if lost or misplaced, cannot be used for any other purpose except for depositing the same in the account specified on the dividend warrant.

- 13) To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participants and holdings should be verified.
- 14) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts. Members holding shares in physical form can submit their PAN details to the Company.
- 15) **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc., from the Company electronically.**
- 16) Electronic copy of the Annual Report for the financial year 2015-16 is being sent to all the members, whose email IDs are registered with the Company/Depository Participants(s) for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2015-16 is being sent in the permitted mode.
- 17) Electronic copy of the Notice of the 30th Annual General Meeting of the Company, inter-alia, indicating the process and manner of Remote e-Voting along with Attendance Slip and Proxy Form is being sent to all the members, whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 30th Annual General Meeting of the Company, inter-alia, indicating the process and manner of Remote e-Voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
- 18) Members may also note that the Notice of the 30th Annual General Meeting and the Annual Report for the financial year 2015-16 will also be available on the Company's website, www.indoramaindia.com, for their download. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the Company's Investor email id: investor-relations@indorama-ind.com

- 19) Members who wish to obtain any information on the Company or view the Accounts for the year ended 31st March 2016, may visit the Company's website, www.indoramaindia.com or send their queries at least 10 days before the Annual General Meeting, to the Company Secretary at the **Corporate Office at 20th Floor, DLF Square, DLF Phase-II, NH-8, Gurgaon-122002, Haryana.**
- 20) Pursuant to the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company is pleased to provide facility to members to exercise their right to vote on resolutions proposed to be passed at the 30th Annual General Meeting (AGM) through electronic means and have engaged the services of National Securities Depository Limited ("NSDL") as the Authorised Agency to provide Remote e-Voting facility. The members may cast their votes on electronic voting system from place other than the venue of the meeting (Remote e-Voting).
- 21) **Voting through electronic means (Remote e-Voting)**
 - I. The process and manner for Remote e-Voting are as under:
 - A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
 - (i) Open email and open PDF file viz; "Indo Rama Remote e-Voting.pdf" with your Client ID or Folio Number as password. The said PDF file contains your user ID and password/PIN for Remote e-Voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - (iii) Click on Shareholder – Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - (v) The password change menu will appear on your screen. Change to a new password of your choice with minimum 8 digit/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" (E-Voting Event Number) of "Indo Rama Synthetics (India) Ltd."
 - (viii) Now you are ready for Remote e-Voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional Members (i.e., other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail at indoramascrutinizer@gmail.com or evoting@indorama-ind.com with a copy marked to evoting@nsdl.co.in
 - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
 - (i) Initial password is provided as below/ at the bottom of the Attendance Slip for the AGM.

| EVEN | USER ID | PASSWORD/PIN |
|--|---------|--------------|
| (E-Voting Event Number) | | |
| (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote. | | |
 - II. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on Cut-off Date, i.e., Friday, 23rd September 2016.
 - III. Any person who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as of the Cut-off Date, i.e., Friday, 23rd September 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or helpdeskdelhi@mcsregistrars.com or investor-relations@indorama-ind.com

However, if you are already registered with NSDL for e-Voting then you can use your existing user ID and Password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forget User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the toll free No.: 1800-222-990.
 - IV. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the Cut-off Date only shall be entitled to avail the facility of Remote e-Voting as well as voting at the AGM through Polling Paper.

- V. The Remote e-Voting period commences at 9:00 AM on Monday, the 26th September, 2016 and will end at 5:00 PM on Thursday, the 29th September 2016. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on Cut-off Date of Friday, 23rd September 2016, may cast their vote by Remote e-Voting. The Remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- VI. Ms. Prachi Jain, Practicing Company Secretary (Membership No. ACS 41287 and CP No. 15464), having office at 1937, Outram Line, Kingsway Camp, Delhi-110 009, has been appointed as the Scrutinizer to scrutinize the Remote e-Voting process in a fair and transparent manner.
- VII. The facility for voting through polling paper shall be made available at the AGM and the members attending the meeting, who have not cast their vote by Remote e-Voting shall be able to exercise their right at the meeting through polling paper.
- VIII. The members who have cast their vote by Remote e-Voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.
- IX. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and Remote e-Voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- X. You can also update your mobile number and E-mail ID in the user profile details of the folio, which may be used for sending future communication(s).
- XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Polling Paper" for all those members who are present at the AGM, but have not cast their votes by availing the Remote e-Voting facility.
- XII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through Remote e-Voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the

Company, www.indoramaindia.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai.

- 22) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection, at the Registered Office of the Company, during normal business hours (9:00 AM to 5:00 PM) on all working days except Saturdays, upto the date of the 30th Annual General Meeting of the Company.

I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 5

The Board of Directors of the Company at its meeting held on 31st August 2016 have appointed Dr. Arvind Pandalai as an Additional Director of the Company with effect from 31st August 2016. In accordance with the provisions of Section 161 of Companies Act, 2013, Dr. Arvind Pandalai shall hold office up to the date of the ensuing Annual General Meeting and is eligible to be appointed as an Independent Director for a term upto five years. The Company has received notice in writing from Member along with the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. Arvind Pandalai as an Independent Director of the Company.

It is proposed to appoint Dr. Arvind Pandalai as Independent Director under Section 149 of the Companies Act, 2013 and Listing Regulations to hold office for 5 (five) consecutive years for a term up to the conclusion of the 35th Annual General Meeting of the Company in the calendar year 2021.

Dr. Pandalai is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as Director.

The Company has received a declaration of independence from Dr. Arvind Pandalai that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and Listing Regulations.

In the opinion of the Board, Dr. Arvind Pandalai fulfils the conditions specified in the Companies Act, 2013 and the Listing Regulations, for appointment as an Independent Director of the Company. Dr. Pandalai is independent of the management. A copy of the draft Letter of Appointment for Independent Director, setting out terms and conditions of appointment of Independent Director is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company, www.indoramaindia.com.

Brief resume of Dr. Arvind Pandalai, nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Listing Regulations

with the Stock Exchanges, which is forming part of the Notice, as under:

Dr. Arvind Pandalai has joined the Board of Directors of the Company on 20th July 2009 and resigned on 20th February 2016, due to personal reasons. Dr. Pandalai again appointed on 31st August 2016. Dr. Pandalai is not a Member/Chairman of any Committee.

Dr. Pandalai born on 10th May 1949 and holds degree of B.Sc. (Chem), MBA & PH.D. Dr. Pandalai having an experience of 44 years and retired as Chairman-cum-Managing Director of State Trading Corporation of India Ltd., New Delhi. He has specialization in the areas of international trade, project management, joint ventures, financial management, strategic management, market research, counter trade and offset trade, etc. He has experience in global trade in bulk commodities through linkages with major international companies, banking and financial institutions, commodity exchanges & ECGC, etc., and has been associated with various prestigious academic and professional bodies / institutions.

Dr. Arvind Pandalai is Director in the following public limited Companies:

- i) Indo Rama Renewables Limited;
- ii) Indo Rama Renewables Porbandar Limited; and
- iii) Indo Rama Renewables Ramgarh Limited

Dr. Pandalai does not hold by himself or for any other person on a beneficial basis, any shares in the Company and he does not receive any remuneration other than sitting fee for attending the meetings of the Board and Committees of the Board.

The Board considers that his association would be of immense benefit to the Company and it is desirable to continue to avail services of Dr. Pandalai as an Independent Director of the Company.

Except Dr. Pandalai, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Listing Regulations with the Stock Exchanges.

The Board commends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the members.

Item No. 6

The Board of Directors of the Company had re-appointed Mr. Om Prakash Lohia (DIN 00206807) as Chairman and Managing Director of the Company for a further tenure of 5 years effective from 26th December 2012 to 25th December 2017, together with payment of remuneration which was duly approved by the Nomination and Remuneration Committee (previously Remuneration Committee), Board of Directors and 27th Annual General Meeting of the Members of the Company.

The Central Government vide Letter No. SRN B61072120/4/2013-CL.VIII dated 13th November 2013 approved remuneration for a tenure of 3 years only starting from 26th December 2012 to 25th December 2015.

The remuneration payable to Mr. Om Prakash Lohia for the remaining tenure, i.e., from 26th December 2015 to 25th December 2017 was revised and the same was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors in their meetings held on 14th November 2015 subject to the approval of the Members at the ensuing General Meeting of the Company as per the provisions of the Companies Act, 2013.

Mr. Om Prakash Lohia after graduation from Calcutta University joined the family business of textiles and got the best of exposure in all aspects and functions of business management including International Markets.

Mr. Lohia is the Promoter and Managing Director of the Company since 1989, aged about 66 years, has been the force behind the exponential growth of the Company. With his enterprising ability and good business acumen coupled with sheer drive and determination, Mr. Lohia propelled Indo Rama to the forefront of the Indian Synthetic/ Manmade Fibre Industry. With his 46 years of experience, Mr. Lohia has strived hard to place the Company to a position par excellence. Today, the Company is one of the largest dedicated Manufacturer of Polyester products in the Country.

As the Chairman and Managing Director, Mr. Lohia provides valuable insights and vision for the Company's sustained growth initiatives and plans. Mr. Lohia constantly provides leadership and guidance to qualified and well experienced professionals across all key organizational functions to enable them to add value to the Company's growth.

Mr. Lohia, as the Chairman & Managing Director of the Company, is vested with the substantial powers of the management and looks after the day-to-day operations and the management of the Company. It might be noted that Mr. Lohia has been managing the show of Indo Rama Synthetics (India) Limited. The Company presently employs more than 3000 workers and staff people in all the units and offices of the Company located in the country.

The Company employs a team of highly qualified and successful professionals, who continue to take guidance and inspiration through the planned approach and vision of Mr. Lohia. Mr. Lohia devotes full time in managing the affairs of the Company and has no other engagements in any other enterprise except the business of the Company.

Mr.OmPrakashLohiaisregardedandrecognizedasathorough leader because of his business acumen and forethought of the global trends and his understanding of macroeconomics in the world markets. Mr. Lohia's contribution to Indian Economy and Industry was well recognized with the 'Udyog Ratna Award' from the Government of Madhya Pradesh and an 'Outstanding Personalities Award' from Karnataka Employers' Association. The SMART Manager, has chosen him as "one of the top 25 managers of India" for steering Indo Rama to greater heights. He is the past President of the All India Organization of Employers (AIOE) and has represented India in the ILO conference held in Geneva.

The Board of Directors of the Company in their meeting held on 14th November 2015 and subject to the approval of the members, the remuneration of Mr. Om Prakash

Lohia (DIN 00206807), Chairman and Managing Director of the Company, be and is hereby revised for the remaining tenure from 26th December 2015 to 25th December 2017, as recommended by the Nomination and Remuneration Committee of Directors of the Company by way of salary, commission and perquisites for the remaining tenure for 2 years, as set out hereunder:

1. **Salary:** ₹ 21,00,000/- per month;
2. **Commission:** 2% of the Net Profits of the Company in any financial year as per the provisions of the Companies Act, 2013;
3. **Perquisites and Allowances:** Mr. Om Prakash Lohia shall be entitled to the following perquisites:
 - (i) **Housing:** House Rent Allowance of ₹ 6,75,000/- per month;
 - (ii) Expenses pertaining to Gas, Electricity, Water, furnishings and other utilities including repairs will be borne / reimbursed by the Company on actuals subject to a maximum of ₹ 5,40,000/- per annum;
 - (iii) **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family will be ₹ 3,000/- per month or ₹ 36,000/- per annum;
 - (iv) **Leave Travel Concession:** Leave Travel Concession for self and family to and fro any place in India or abroad upto ₹ 1,80,000/- per annum, as per the Rules of the Company;
 - (v) **Personal Accident Insurance:** Premium not to exceed ₹ 54,000/- per annum;
 - (vi) **Club Fees:** Fees in respect of two Clubs will be ₹ 2,70,000/- per annum;
 - (vii) **Hospitalisation benefit:** As per the Rules of the Company;
 - (viii) **Conveyance:** Use of the Company's maintained car(s) with driver(s);
 - (ix) **Telephone:** Telephone and Fax at residence;

Explanation: Provision of cars for use on the Company's business and telephone / fax at residence will not be considered in computing the value of perquisites.

Note: All the perquisites will be interchangeable, i.e., any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisite(s).
4. In addition to the perquisites as aforesaid, Mr. Lohia shall also be entitled to the following annual benefits forming part of his remuneration;
 - (a) **Provident Fund:** Company's contribution towards Provident Fund shall be as per the Rules of the Company, i.e., @ 12% of the Basic Salary;
 - (b) **Gratuity:** Payable at a rate not exceeding half a month's salary for each completed year of service as per the Rules of the Company;

5. **Leave:** As per the Rules of the Company but not exceeding one month's leave with full salary for every 11 months of service;

Leave accumulated and not availed during his tenure as Managing Director may be allowed to be encashed at the end of the tenure as per the Rules of the Company;

6. **Reimbursement of expenses:** Reimbursement of all entertainment, traveling, hotel and other expenses incurred by Mr. Lohia during the course of and in connection with the business of the Company;
7. **Sitting Fee:** No sitting fee shall be paid to Mr. Lohia for attending the Meetings of Board of Directors of the Company or any Committees thereof; and
8. **Minimum Remuneration:** In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Om Prakash Lohia, will be entitled to the above remuneration along with the perquisites/benefits mentioned above by way of minimum remuneration in accordance with the applicable provision of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government or such other approvals as may be required.

None of the Directors except Mr. Om Prakash Lohia himself and Mr. Mohan Lal Lohia and Mr. Vishal Lohia, who are related to Mr. Om Prakash Lohia are concerned or interested in the said Resolution.

The Board of Directors of the Company commend passing of the Resolutions as set out at Item No. 6.

Item No. 7

The re-appointment of Mr. Vishal Lohia (DIN 00206458) for a further period of 3 (three) years with effect from 1st April 2016 to 31st March 2019 together with revised remuneration was recommended by the Nomination and Remuneration Committee and approved by the Board of Directors in their meetings held on 10th February 2016, subject to the other approvals as well as the members at the ensuing General Meeting of the Company, as per the provisions of the Companies Act, 2013.

Mr. Vishal Lohia is an alumnus of Bryant College, USA, having graduated in Finance & Economics. Mr. Vishal Lohia has paced himself with thorough grooming on the job at Indo Rama Synthetics (India) Limited. He has been taking on increasing responsibilities, driving the initiatives at Indo Rama to strategically position it as a leading player on the global industrial map. A young and dynamic visionary, Mr. Vishal Lohia, aged 38 years, has been instrumental in the recent foray of Indo Rama into the energy sector. He has been actively involved in various industry forums taking up the cause and concerns of polyester industry on economic and trade issues.

In consideration of performance of his duties as Whole-time Director and having regard to other relevant factors, viz.; the improved performance and profitability of the Company during the financial year 2015-16 and expected better performance in the current financial year as well as in coming years.

The Board of Directors, as considering the performance of the Company during the financial year 2015-16 and expected better performance of the Company in the coming years, nature of his responsibility and increasing devotion and efforts of Mr. Vishal Lohia towards the Company and as recommended by the Nomination and Remuneration Committee and subject to the approval of the Members at the ensuing General Meeting of the Company and Central Government or such other authorities, unanimously re-considered the remuneration payable to Mr. Vishal Lohia, for a further period of 3 (three) years, with effect from 1st April 2016 to 31st March 2019, as set out under:

1. **Salary:** ₹ 10,62,500/- per month.
2. **Perquisites & Allowances:** Mr. Vishal Lohia shall be entitled to the following perquisites:-
 - (i) **Housing:** House Rent Allowance of ₹ 8,75,000/- per month.
 - (ii) Expenses pertaining to Gas, Electricity, Water, furnishings and other utilities including repairs will be borne / reimbursed by the Company on actual subject to a maximum of ₹ 58,453/- per month or ₹ 7,01,430/- in one year.
 - (iii) **Medical Reimbursement:** Reimbursement of medical expenses incurred for self and family will be ₹ 12,500/- per month or ₹ 1,50,000/- in one year.
 - (iv) **Leave Travel Concession:** Leave Travel Concession for self and family to and fro any place in India or abroad upto ₹ 1,50,000/- per annum, as per the Rules of the Company.
 - (v) **Personal Accident Insurance:** Premium not to exceed ₹ 27,000/- per annum.
 - (vi) **Club Fees:** Fees in respect of two Clubs will be ₹ 27,000/- per annum.
 - (vii) **Hospitalization benefit:** As per the Rules of the Company.
 - (viii) **Conveyance:** Use of the Company's maintained car(s) with driver(s).
 - (ix) **Telephone:** Telephone and fax at residence.

Explanation:- Provision of cars for use on the Company's business and telephone / fax at residence will not be considered in computing the value of perquisites.

Note:- All the perquisites will be interchangeable, i.e., any excess in a particular perquisite may be permissible by a corresponding reduction in one or more of the other perquisite(s).

3. In addition to the perquisites as aforesaid, Mr. Vishal Lohia shall also be entitled to the following annual benefits forming part of his remuneration.
 - (a) **Provident Fund:** Company's contribution towards Provident Fund shall be as per the Rules of the Company, i.e., @12% of the Basic Salary.
 - (b) **Gratuity:** Payable at a rate not exceeding half a month's salary for each completed year of service as per the Rules of the Company.

4. **Leave:** As per the Rules of the Company but not exceeding one month's leave with full salary for every 11 months of service.

Leave accumulated and not availed during his tenure as Whole-time Director may be allowed to be encashed at the end of the tenure as per the Rules of the Company.

5. **Reimbursement of expenses:** Reimbursement of all entertainment, traveling, hotel and other expenses incurred by Mr. Vishal Lohia during the course of and in connection with the business of the Company.
6. **Sitting Fee:** No sitting fee shall be paid to Mr. Vishal Lohia for attending the Meetings of Board of Directors of the Company or any Committees thereof.
7. **Remuneration:** In the event of inadequacy or absence of profits in any financial year during his tenure, Mr. Vishal Lohia, will be entitled to the above remuneration along with the perquisites/benefits mentioned above by way of minimum remuneration in accordance with the applicable provisions of Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, if required.

None of the Directors except Mr. Vishal Lohia himself and Mr. Mohan Lal Lohia and Mr. Om Prakash Lohia, who are related to Mr. Vishal Lohia are concerned or interested in the said Resolution.

The Board of Directors of the Company commend passing of the Resolutions as set out at Item No. 7.

Statements in terms of Schedule V of the Companies Act, 2013 relating to Remuneration payable to Managerial Personnel.

I. General Information:

1. **Nature of Industry:** The Company is engaged in the manufacturing of Polyester products, viz., Polyester Filament Yarn (PFY), Polyester Staple Fibre (PSF), Draw Texturised Yarn (DTY), Specialty Fibre and Chips.
2. **Date or expected date of commencement of commercial production:**

The Company was incorporated on 28 April 1986 as a Public Limited Company. The Company is already in operation after obtaining Certificate of Commencement of business on 24 November 1986.

3. **Financial performance based on given indicators:** As per the Audited Financial Results for the year ended 31st March 2016.

| (₹ In Crores) | |
|--|----------|
| Net Sales , Operating and Other Income | 2,566.53 |
| Profit before Interest, Depreciation and Tax (EBIDTA) | 124.29 |
| Interest (Financial Exp.) | 51.66 |
| Profit before Depreciation, Exceptional items and Tax (PBDT) | 72.63 |
| Depreciation | 77.76 |
| Profit after Tax (PAT) | 56.00 |

4. Export performance and net foreign exchange earned for the year ended 31st March 2016:

| (₹ In Crores) | |
|----------------------|---------------|
| FOB value of Exports | 388.02 |
| Other | 29.58 |
| Total | 417.60 |

II. Information about appointee:

(a) Mr. Om Prakash Lohia

1. Background details: Mr. Om Prakash Lohia is the Promoter and Managing Director of the Company since 1989. Mr. Lohia, aged about 66 years, holds Graduation from Calcutta University and joined the family business of Textiles and got the best of exposure in all aspects and functions of business management including International Markets. Given his enterprising ability and good business acumen coupled with sheer drive and determination, Mr. Lohia propelled Indo Rama to the forefront of the Indian Synthetic / Manmade Fibre Industry. He has around 46 years of extensive experience in the Textile Industry especially in the field of manmade Fibre Industry and Polyester products and he has been the force behind the exponential growth of the Company.

2. Past Remuneration: Remuneration paid during the year ended 31st March 2016:

| (₹ In Crores) | | | |
|----------------------|--------|--------------------------------|-------|
| | Salary | Perquisites and other benefits | Total |
| Mr. Om Prakash Lohia | 2.45 | 0.37 | 2.82 |

3. Job Profile and his Suitability:

The Company has successfully implemented expansion by doubling of its cumulative polyester capacity of more than 610,050 tonnes per annum from 300,000 tonnes per annum at a single location at Butibori, Nagpur. Thus, increased responsibilities of the Managerial personnel made it necessary to require the services, farsightedness and expertise of Mr. Om Prakash Lohia in order to provide greater assistance to the Management team on account of enhanced production.

Mr. Om Prakash Lohia is actively involved in the Company's business operations on day-to-day basis and has been carrying out all such responsibilities as are assigned to him from time to time. In consideration of the performance of his duties as the Chairman and Managing Director, the Nomination and Remuneration Committee of the Company approved the revised remuneration payable to Mr. Lohia as Chairman and Managing Director for remaining period of 2 (two) years, with effect from 26th December 2015 under provisions of Section 197 and Schedule V of the Companies Act, 2013 which has also been approved by the Board of Directors of the Company in its meeting held on 14th November 2015.

5. Remuneration proposed: As stated in the Explanatory Statement at Item No. 6 of the Notice.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities shouldered by him and the industry benchmarks, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other Companies.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Besides the remuneration proposed, Mr. Om Prakash Lohia has no other material pecuniary relationship except that Mr. Om Prakash Lohia is related to Mr. Vishal Lohia, Whole-time Director and Mr. Mohan Lal Lohia, a Non-executive Director of the Company.

(b) Mr. Vishal Lohia

1. Background details: Mr. Vishal Lohia is one of the Promoters and Whole-time Director of the Company. Mr. Vishal Lohia, aged about 38 years holds a Bachelor Degree in Finance and Economics from Bryant College, Rhode Island, USA. He was appointed as Whole-time Director with effect from 28th June 2002 and held office upto 20th October 2004. He was again appointed as Whole-time Director on 1st April 2007 and has been continuing as such since then. Mr. Vishal Lohia has been looking after operations of the Company besides handling such other responsibilities as are assigned by the Board of Directors from time to time.

Mr. Vishal Lohia has around 14 years of experience in the various Industry forums taking up the cause and concerns of Polyester Industry on economic and trade issues. He is a young and dynamic visionary.

2. Past Remuneration: Remuneration paid during the year ended 31st March 2016:

| (₹ In Crores) | | | |
|------------------|--------|--------------------------------|-------|
| | Salary | Perquisites and other benefits | Total |
| Mr. Vishal Lohia | 1.80 | 0.31 | 2.11 |

4. Job Profile and his Suitability:

Mr. Vishal Lohia is actively involved in the Company's business operations on day-to-day basis and has been carrying out all such responsibilities as are assigned to him from time to time.

In consideration of the performance of his duties as the Whole-time Director, the Nomination and Remuneration Committee of the Company approved the remuneration payable to Mr. Vishal Lohia as Whole-time Director for a further period of 3 years, with effect from 1st April 2016 under provisions of Section 197 and Schedule V of the

Companies Act, 2013, which has also been approved by the Board of Directors and Nomination and Remuneration Committee of the Company at their meetings held on 10th February 2016.

5. **Remuneration proposed:** As stated in the Explanatory Statement at Item No. 7 of the Notice.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: Taking into consideration the size of the Company, the profile of the appointee, managerial personnel, the responsibilities assigned to Mr. Vishal Lohia by the Board of Directors, the aforesaid remuneration proposed to be paid is commensurate with the remuneration package paid to similar senior level counter parts in other Companies.
7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Besides the remuneration proposed, Mr. Vishal Lohia has no other material pecuniary relationship except that Mr. Vishal Lohia is related to Mr. Om Prakash Lohia, Chairman & Managing Director and Mr. Mohan Lal Lohia, a Non-executive Director of the Company.

III. Other Information:

1. Reasons for inadequate profits:

During the financial year ended 31st March 2016, the Company has shown remarkable resilience in its performance and recorded the earnings before Interest, Depreciation and Tax (EBIDTA) at ₹ 124.29 Crores as against ₹ 132.25 Crores. Loss before Tax stood at ₹ 59.66 Crores against ₹ 34.02 Crores for the previous year. There is net profit of ₹ 56.00 Crores as against a net loss of ₹ 21.53 Crores last year.

Despite this, the Company may still be deemed to have inadequacy of profits under Section 197 of the Companies Act, 2013, largely on account of external and unexpected circumstances beyond the control of the Management, viz.; global and general economic meltdown; Recession in the Polyester Industry, sharp volatility in the prices of textile products putting pressure on both the top line as well as bottom line and resulting lesser profits.

In the financial year ended 31st March 2016, the Company has shown positive results through focused initiatives aimed at improving marketing and customer value that resulted into higher sales volumes and improved margins. Operational efficiencies, cost optimization and prudent financial management practices resulting into lower interest cost were the factors that contributed to turnaround in profits. The Company today is amongst the world's most efficient polyester producers.

With the overall economic and business environment showing encouraging signs of improvement in the Polyester industry, the Company is poised for growth. The Directors are confident of a continuing all round improvement in Company's performance in the coming years.

2. Steps taken or proposed to be taken for improvement:

With the help of concerted efforts made by the Management during the financial year 2015-16, the performance and profitability of the Company has taken a positive turn after passing through a difficult phase due to impact of global meltdown and currency fluctuation. As per the audited financial results as considered in the Board of Directors' Meeting held on 18th May 2016, the Company has recorded gross sale of ₹ 2,714.69 Crores and net sale of ₹ 2,464.75 Crores. There is an increase in the quantity sold by 9.39% as compared to the previous year which is considered satisfactory considering the effect of the economic downturn. Earnings before Depreciation, Interest & Taxation (EBIDTA) is at ₹ 124.29 Crores as against ₹ 132.25 Crores last year. Loss before Tax stood at ₹ 59.66 Crores against ₹ 34.02 Crores for the previous year. There is net profit of ₹ 56.00 Crores as against a net loss ₹ 21.53 Crores last year.

The turnaround in profits from operations on account of higher volumes cost competitiveness and reduction in interest cost. The economic scenario is also continuously improving and the Company expects much better performance in the current financial year as well as in times to come.

3. Expected increase in productivity and profits in measurable terms:

Considering the continuously improving economic scenario and on the basis of last year's performance, Company expects improvement in its net sales and profits.

IV. Disclosures:

The remuneration package along with the corresponding details payable to Mr. Om Prakash Lohia and Mr. Vishal Lohia have already been mentioned at the explanatory statement of this notice. The Report on Corporate Governance in the Annual Report indicates the remuneration paid to the managerial personnel as well as to all other Directors. There is no severance fee or stock option available in the case of the aforesaid managerial personnel. The respective tenure of the aforesaid managerial personnel shall be governed by a service contract with a notice period of three to six months.

Item No. 8

The Company has entered into or may enter into contracts / arrangements / transactions (RPT) with the following entities, who are related parties within the meaning of Section 2(76) of the Companies Act, 2013 read with the Companies (Meetings of the Board and its Powers) Rules, 2014 (the "Act") and Listing Regulations:

| Sl. No. | Name of the Related Parties | Nature of Relation | Material terms of the contract, etc. * | Monetary Value (₹ in Crore) for the Financial Year 2015-16 |
|--------------|--|--------------------|--|--|
| 1. | Indorama Petrochem Limited, Thailand | Relative | Purchased material on arm's length basis | 47.17 |
| 2. | TPT Petrochemicals Public Co. Ltd., Thailand | Relative | Purchased material on arm's length basis | 25.16 |
| 3. | PT. Indorama Petrochemicals, Indonesia | Relative | Purchased material on arm's length basis | 39.84 |
| 4. | Wearit Global Limited | Relative | Purchased material on arm's length basis | 129.50 |
| 5. | Wearit Global Limited | Relative | Sold material on arm's length basis | 140.47 |
| 6. | Ritspin Synthetics Limited | Relative | Sold material on arm's length basis | 0.004 |
| 7. | Dhanterash Sale Pvt. Limited | Relative | Sold material on arm's length basis | 18.68 |
| Total | | | | 400.82 |

* i) Name of Director or Key Managerial Personnel who is related:
Mr. Mohan Lal Lohia, Mr. Om Prakash Lohia and Mr. Vishal Lohia, Directors of the Company are relatives of Mr. Alok Lohia, Directors of Indorama Petrochem Limited, TPT Petrochemicals Public Co. Ltd. and PT. Indorama Petrochemicals and Mr. Manish Kumar, Director of Wearit Global Limited, Ritspin Synthetics Limited and Dhanterash Sale Pvt. Limited.

ii) Any other information relevant or important for the members to make a decision on proposed transaction: None

The Section 188 of the Companies Act, 2013 provides that if transactions with the related parties are not in the ordinary course of business or on arm's length basis, such transactions are required to be approved by the Board of Directors and Shareholders, depending upon the materiality of the transactions. In other words, approval of Board or shareholders, as the case may be, is not required under the Act, if a particular transaction is in the ordinary course of business and on arm's length basis.

Revised Listing Regulations provides that all material RPTs, i.e., transaction(s) entered into during a financial year exceeding 10% of the annual consolidated turnover of the Company as per latest audited financial statements require prior approval of the shareholders through special resolution.

In the opinion of the Board, the transactions/contracts/arrangements by the Company with the above parties are in the ordinary course of business and at arm's length basis. However, considering the fact that the value of contracts/arrangements/transactions with the aforesaid related parties during a financial year may be material as defined under Listing Regulations and it is proposed to seek the approval of members for the aforesaid arrangements/ contracts / transactions for the financial years 2015-16 and 2016-17.

Accordingly, consent of the members is sought for passing a Special Resolution as set out at Item No. 8 of the Notice, except Mr. Mohan Lal Lohia, Mr. Om Prakash Lohia and Mr. Vishal Lohia.

The members are further informed that no member(s) of the Company being a related party or having any interest in the resolution as set out at Item No. 8 shall be entitled to vote on this Special Resolution.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice, except Mr. Mohanlal Lohia, Mr. Om Prakash Lohia and Mr. Vishal Lohia.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the members.

Item No. 9

In accordance with the provisions of the Companies Act, 2013, it was necessary to obtain fresh approval of the members by means of a Special Resolution under Section 42 and 71 of the Companies Act, 2013, to enable the Board of Directors to issue and allot 3,500 unsecured Non-Convertible Debentures (NCDs) of face value of ₹ 1 Lac (Rupees One Lac only) each at par, aggregating to ₹ 35,00,00,000/- (Rupees Thirty Five Crores only) to Indo Rama Renewables Limited (100% Wholly Owned Subsidiary of the Company) with 11% redemption premium for a period not exceeding 17 months on private placement basis.

Accordingly, consent of the Members is sought for passing an Special Resolution as set out at Item No. 9 of the Notice, to issue and allot 3,500 unsecured Non-Convertible Debentures

(NCDs) to Indo Rama Renewables Limited (100% Wholly Owned Subsidiary of the Company) on Private Placement basis.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of the Notice.

The Board commends the Special Resolution set out at Item No. 9 of the Notice for approval by the members.

Item No. 10

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Balaji & Associates, Cost Accountants, (Firm Registration No. 000112), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice, to ratify the remuneration payable to the Cost Auditors for the financial year ending 31st March 2017.

None of the Directors and Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 10 of the Notice for approval by the members.

II. DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AS REQUIRED UNDER LISTING REGULATIONS WITH THE STOCK EXCHANGES.

Re-appointment of Mr. Mohan Lal Lohia (Item No. 3)

In terms of provisions of the Companies Act, 2013, effective from 1st April 2014, for the purpose of determining the Directors liable to retire by rotation. Mr. Mohan Lal Lohia shall accordingly retire at 30th Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Mohan Lal Lohia is a Non-Executive Director of the Company. He joined the Board of Directors of the Company since inception. Mr. Lohia is Chairman-Emeritus of the Board of Directors of the Company.

Brief resume of Mr. Lohia, nature of his expertise in specific functional areas and names of companies in which he hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under the Listing Regulations with the Stock Exchanges, which is forming part of the Notice, as under:

Mr. Lohia, born on 21st December 1930, is a Commerce Graduate. Mr. Lohia having more than 51 years of Industrial experience laid the foundation of Indo Rama group. The group has presence in areas like textiles, petro-chemicals, manmade fibre, chemicals, natural rubber, bottle grade pet resins, steel, etc. Mr. Lohia is presently Chairman - Emeritus on the Board of Indo Rama Synthetics (India) Limited. Mr. Lohia does not hold membership/ chairmanship of Board Committee in any other Company and holding Nil equity shares in the Company as on the date of this Notice.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Lohia as a Non-Executive Director of the Company. Upon his re-appointment as a Director, Mr. Lohia shall continue to hold office as a Non-Executive Chairman-Emeritus.

Except Mr. Mohan Lal Lohia, being an appointee and Mr. Om Prakash Lohia and Mr. Vishal Lohia, who are related to Mr. Mohan Lal Lohia, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, at Item No. 3 of the Notice.

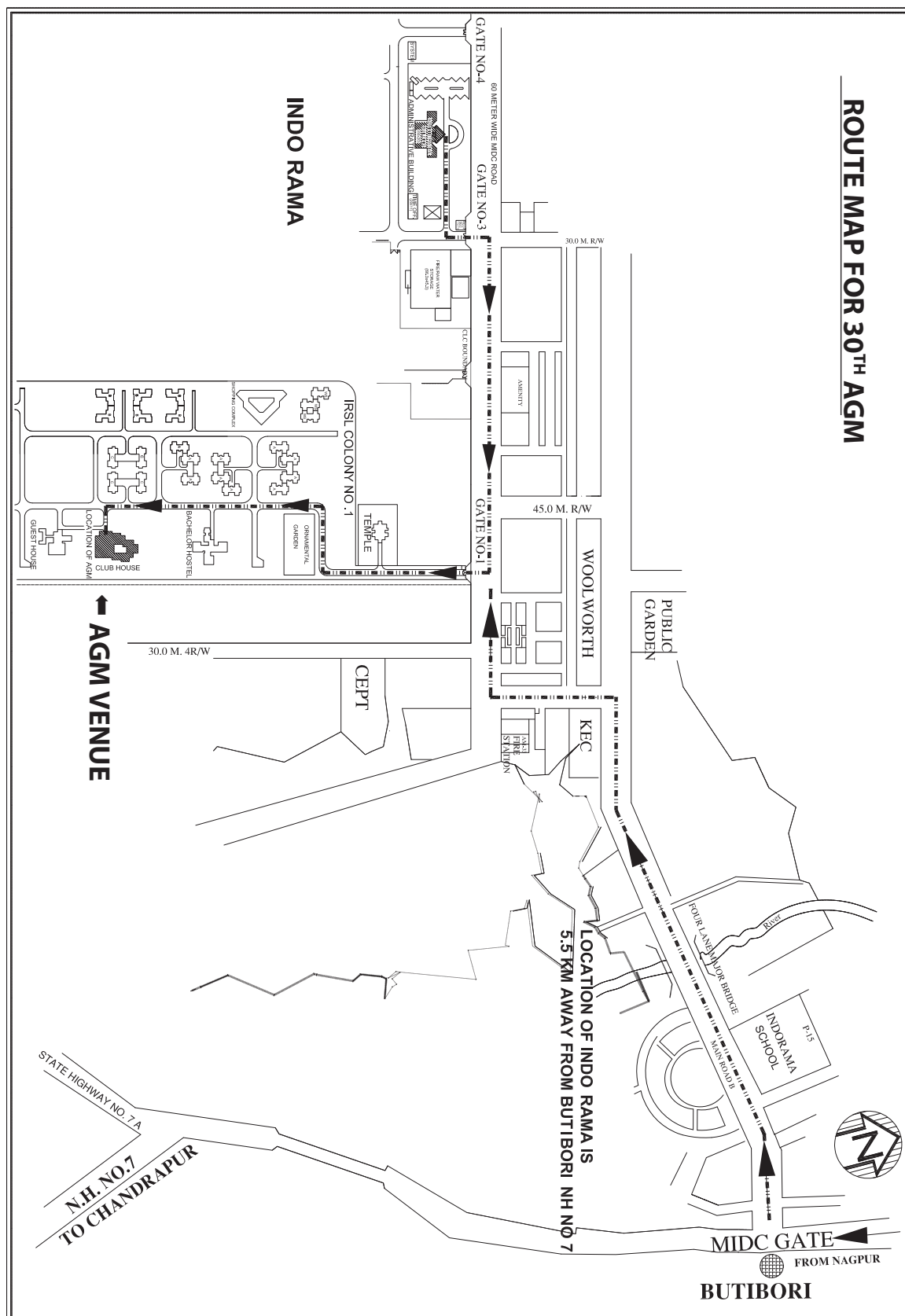
The Board commends his re-appointment, liable to retire by rotation, at Item No. 3 of the Notice for approval by the members.

By Order of the Board of Directors
Indo Rama Synthetics (India) Limited

Jayantk Sood
Head-Corporate & Company Secretary
(FCS No. 4482)

Place: Gurgaon
Date: 31st August 2016

Registered Office:
A-31, MIDC Industrial Area
Butibori, Nagpur - 441122, Maharashtra
CIN: L17124MH1986PLC166615
E-mail: investor-relations@indorama-ind.com





INDO RAMA SYNTHETICS (INDIA) LIMITED

Regd. Office: A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra.
Tel.: 07104-663000 / 01 Fax: 07104-663200
Email: investor-relations@indorama-ind.com
Website: www.indoramaindia.com
CIN: L17124MH1986PLC166615

Form No. MGT-11

PROXY FORM

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

Name of the Member(s) _____

Registered Address _____

E-mail ID _____

Folio No. / DP ID and Client ID No. _____

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

1. Name : _____
Address : _____
E-mail ID : _____
Signature :or failing him/her
2. Name : _____
Address : _____
E-mail ID : _____
Signature :or failing him/her
3. Name : _____
Address : _____
E-mail ID : _____
Signature :

as my/our proxy to attend and vote, in case of poll, for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Friday, 30th September, 2016 at 1:30 PM, at the Registered Office of the Company at A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

| Reso. No. | Description |
|--------------------------|---|
| Ordinary Business | |
| 1. | To receive, consider and adopt the Audited Financial Statement, including Audited Consolidated Financial Statement, for the year ended 31st March 2016 and the Reports of the Directors and Auditors thereon. |
| 2. | To declare dividend on equity shares for the financial year ended 31st March, 2016. |
| 3. | To appoint a Director in place of Mr. Mohan Lal Lohia (DIN 00918397), who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. |
| 4. | To ratify the appointment of Statutory Auditors. |
| Special Business | |
| 5. | Appointment of Dr. Arvind Pandalai (DIN 00352809) as an Independent Director. |
| 6. | Revision of Remuneration of Mr. Om Prakash Lohia (DIN 00206807), Chairman and Managing Director. |
| 7. | Re-appointment Mr. Vishal Lohia (DIN 00206458) as Whole-time Director. |
| 8. | To enter into Related Party Transactions. |
| 9. | To approve/issue of unsecured Non-Convertible Debentures on private placement basis. |
| 10. | To ratify the Remuneration of Cost Auditors. |

Signed this day of 2016.

Signature of Shareholder

Signature of Proxy holder(s)

Affix Revenue
Stamp not less
than ₹ 1/-

Note:

1. This form of Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company, not less than FORTY EIGHT (48) hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 30th Annual General Meeting.
3. Please complete all details including details of member(s), in above box, before submission.



INDO RAMA SYNTHETICS (INDIA) LIMITED

Regd. Office: A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra.

Tel.: 07104-663000 / 01 Fax: 07104-663200, CIN: L17124MH1986PLC166615

Email: investor-relations@indorama-ind.com Website: www.indoramaindia.com

ATTENDANCE SLIP**30TH ANNUAL GENERAL MEETING - 30TH SEPTEMBER, 2016**

Name and Registered Address of the Member :

Registered Folio No. / DP ID and Client ID No. :

Joints Holders, if any :

No. of Shares :

I/We hereby record my/our presence at the 30th Annual General Meeting of the Company held on Friday, 30th September, 2016 at 1:30 PM, at the Registered Office of the Company at A-31, MIDC Industrial Area, Butibori, Nagpur - 441122, Maharashtra.

Member's/Proxy's Name in BLOCK Letters_____
Member's/Proxy's Signature**Note:**

- 1) Please complete the Folio / DP ID / Client ID No. and Name of the Member / Proxy, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
- 2) Electronic copy of the Annual Report for the financial year 2015-16 and Notice of the 30th Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members, whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending AGM can print copy of this Attendance Slip.
- 3) Physical copy of the Annual Report for the financial year 2015-16 and Notice of the 30th Annual General Meeting along with Attendance Slip and Proxy Form is being sent in the permitted mode(s) to all members, whose e-mail address is not registered or have requested for a hard copy.

Particulars for Remote e-Voting through Electronic means

| EVEN (e-Voting Event Number) | USER ID | PASSWORD/PIN |
|---|----------------|---------------------|
| 105047 | | |