

98th
Annual Report
& Accounts 2017





CHAIRMAN'S MESSAGE

The state of the global economy no longer gives reason for cheer. Growth has moderated both in the advanced economies as well as in most emerging economies. An environment of protectionism together with a xenophobic sentiment seems to be sweeping many of the advanced economies, including, inexplicably, the United States. This gives rise to some concern. More so, because the US economy seems to be on a recovery mode.

Against the above difficult background, the Indian economy, I am pleased to state, is well poised. The "Make in India" theme is an excellent model. Several bold measures undertaken by the Central Government during the last Financial Year, including the proposed implementation of the Goods and Service Tax, will be beneficial for the economy as one goes along. However, in a world economy punctuated with so many growth fault lines, the country would need to aggressively reinforce niches for itself in the world market.

We, at Kesoram Industries Limited, spent considerable time in the past year enhancing directional clarity in our businesses through prioritising and re-emphasising the goal of business sustainability.

To this end, I must compliment the Tyre Business on its endeavours at realigning manufacturing capabilities in a situation arising out of our disposal of the Laksar tyre manufacturing facility during the year. The Cement Business faced intense competitive pressures with conviction. The Rayon Business which was spun off as a wholly-owned subsidiary during the year has tasted some success in developing products for discerning customers. This should stand the Business in good stead in the future.

I thank you all for the faith reposed in the Company. I value your continued support.

Basant Kumar Birla



BOARD OF DIRECTORS

Basant Kumar Birla, *Chairman*

DIN 00055856

Manjushree Khaitan, *Executive Vice Chairperson*

DIN 00055898

Amitabha Ghosh

DIN 00055962

Vinay Sah

DIN 02425847

Lee Seow Chuan

DIN 02696217

Kashi Prasad Khandelwal

DIN 00748523

Sudip Banerjee

DIN 05245757

Tridib Kumar Das

Whole-time Director & CFO

DIN 01063824

Gautam Ganguli

Company Secretary

Registered Office

8th Floor, Birla Building
9/1, R.N. Mukherjee Road
Kolkata – 700 001
Phone No : +91 33 22435453 / 22429454 / 22135121
Fax No : +91 33 22109455, CIN: L17119WB1919PLC003429
Website : www.kesocorp.com; E-mail: corporate@kesoram.net

Bankers

Axis Bank Ltd.
Bank of Baroda
HDFC Bank Ltd.
ICICI Bank Ltd.
IndusInd Bank Ltd.
Kotak Mahindra Bank Ltd.
Punjab National Bank Ltd.
State Bank of Hyderabad
State Bank of India – Lead Bank
Standard Chartered Bank
The South Indian Bank Ltd.
YES Bank Ltd.
Lakshmi Vilas Bank Ltd.

Auditors

Messrs. Price Waterhouse

Share Transfer Agent

MCS Share Transfer Agent Limited,
(Unit: Kesoram Industries Ltd.)
12/1/5, Manoharpukur Road,
Kolkata – 700 026
Phone No : +91 33 40724051-54
Fax No : +91 33 40724050
E-Mail : mcssta@rediffmail.com

Members seeking any information on the Annual Report & Accounts are requested to send their queries to the Company at least ten days before the date of the Meeting. Members are requested to bring their copies of Annual Report to the Meeting.

Contents

Notice	06
Report of the Directors	18
Management Discussion and Analysis	25
Report on Corporate Governance	28
Summarised Balance Sheet for the Last Five Years	68
Summarised Statement of Profit and Loss for the Last Five Years	69
Independent Auditors' Report	70
Balance Sheet	80
Statement of Profit and Loss	81
Cash Flow Statement	82
Notes to Financial Statements	84
Consolidated Financial Statements	125
Independent Auditors' Report	126
Consolidated Balance Sheet	130
Consolidated Statement of Profit and Loss	131
Consolidated Cash Flow Statement	132
Consolidated Notes to Financial Statements	134

NOTICE

TO THE MEMBERS

NOTICE is hereby given that the **Ninety-eighth Annual General Meeting** of **KESORAM INDUSTRIES LIMITED** will be held at 11.00 A.M. on Thursday, 29th day of June, 2017 at "Kala-Kunj" (within the premises of Kala Mandir), 48, Shakespeare Sarani, Kolkata – 700 017, to transact the following business:

General Business:

1. To consider and adopt (a) the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2017 and the Reports of the Board of Directors and Auditors thereon; and (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2017 and the Report of the Auditors thereon.
2. To appoint a Director in place of Vinay Sah (DIN 02425847), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and, in this regard to consider and, if thought fit, to pass the following as an Ordinary Resolution:

"RESOLVED THAT Messrs. Deloitte Haskins & Sells, Chartered Accountants (Firm Regn. No. 302009E) Bengal Intelligent Park, Building Alpha, 3rd Floor, Block EP & GP, Sector V, Salt Lake Electronic Complex, Kolkata – 700 091, West Bengal, be and is hereby appointed Auditors of the Company, to hold office from the conclusion of the Ninety-eighth Annual General Meeting, for a term of five years, on such remuneration plus taxes and actual out of pocket expenses as may be fixed by the Board of Directors of the Company, from time to time."

Special Business:

To consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution:

4. "RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Mani & Co., Cost Accountants, Kolkata, the Company's Cost Auditors be paid a remuneration of ₹5.02 lakhs (excluding applicable Service Taxes and reimbursement of travelling and other out of pocket expenses) for conducting the audit of the Company's cost accounting records for the Financial Year 2016–17 be and is hereby ratified and confirmed."

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

5. "RESOLVED THAT pursuant to Sections 196, 197 and Schedule V of the Companies Act, 2013 ("the Act") and the Rules made thereunder and subject to such approvals, if any, as may be necessary, the consent of the Company be and is hereby accorded to the payment of remuneration to Manjushree Khaitan (DIN 00055898), a Whole-time Director, for the period commencing from 1st April, 2017 to 4th February, 2018, both days inclusive, upon the terms of remuneration set out herein below:
 - (a) Basic Salary & Allowances: Not exceeding ₹23.50 lakhs per month as may be decided by the Board or any Committee thereof.
 - (b) Provident Fund and Gratuity as per Rules of the Company.
 - (c) No fees payable for attending Meetings of the Board or any Committee thereof, where so appointed.
 - (d) In the event of loss/inadequacy of profits during tenure, the above remuneration including perquisites shall be payable as minimum remuneration, subject to such approvals as may be necessary, including that of the Central Government, under Schedule V to the Act.
 - (e) Any expenditure wholly and exclusively incurred for the business of the Company will not be treated as remuneration. Such expenditure will either be paid by the Company directly or reimbursed to her."
6. "RESOLVED THAT pursuant to Section 196, 197 and Schedule V of the Companies Act, 2013 ("the Act") and the Rules made thereunder and subject to such approvals, if any, as may be necessary, the consent of the Company be and is hereby accorded to the re-appointment of Manjushree Khaitan (DIN 00055898) as a Whole-time Director of the Company, designated as Executive Vice Chairperson or such other designation as may be decided by the Board, for a further period of two years effective 5th February, 2018 and payment of remuneration to her for this period, upon the terms of remuneration set out herein below;

- (a) Basic Salary & Allowances: Not exceeding ₹23.50 lakhs per month as may be decided by the Board or any Committee thereof from time to time and as may be permissible under the provisions of Schedule V of the Companies Act, 2013.
- (b) Provident Fund and Gratuity as per Rules of the Company.
- (c) No Fees payable for attending Meetings of the Board or any Committee thereof, where so appointed.
- (d) In the event of loss/inadequacy of profits during tenure, the above remuneration, including perquisites shall be payable as minimum remuneration, subject to such approvals as may be necessary, including that of the Central Government, under Schedule V of the Act.
- (e) Any expenditure wholly and exclusively incurred for the business of the Company will not be treated as remuneration. Such expenditure will either be paid by the Company directly or reimbursed to her.

RESOLVED FURTHER that so long as Manjushree Khaitan functions as a Whole-time Director, she will not be subject to retirement by rotation:

RESOLVED FURTHER that the appointment shall be terminable:

- (a) by efflux of time; or
- (b) by one party serving the other a three months' written notice;

RESOLVED FURTHER that for the purpose of giving effect to the Resolution, the Board be and is hereby authorised to do all other acts, deeds and things as are or may be expedient and necessary."

7. **"RESOLVED THAT** pursuant to Section 196, 197 and Schedule V of the Companies Act, 2013 ("the Act") and the Rules made thereunder and subject to such approvals, if any, as may be necessary, consent of the Company be and is hereby accorded to the appointment of Tridib Kumar Das (DIN 01063824) as a Whole-time Director of the Company, for a period of three years effective 1st April, 2017 and payment of remuneration to him for this period, upon the terms of remuneration set out herein below;

- (a) Basic Salary & Allowances: Not exceeding ₹50.00 lakhs per month as may be decided by the Board or any Committee thereof from time to time and as may be permissible under the provisions of Schedule V of the Companies Act, 2013.
- (b) Provident Fund and Gratuity as per Rules of the Company.
- (c) No Fees payable for attending Meetings of the Board or any Committee thereof, where so appointed.
- (d) In the event of loss/inadequacy of profits during tenure, the above remuneration, including perquisites shall be payable as minimum remuneration, subject to such approvals as may be necessary, under Schedule V of the Act.
- (e) Any expenditure wholly and exclusively incurred for the business of the Company will not be treated as remuneration. Such expenditure will either be paid by the Company directly or reimbursed to him.

RESOLVED FURTHER that so long as Tridib Kumar Das functions as a Whole-time Director, he will not be subject to retirement by rotation:

RESOLVED FURTHER that the appointment shall be terminable:

- (a) by efflux of time; or
- (b) by one party serving the other a three months' written notice;

RESOLVED FURTHER that for the purpose of giving effect to the Resolution, the Board be and is hereby authorised to do all other acts, deeds and things as are or may be expedient and necessary."

Registered Office:
9/1, R. N. Mukherjee Road,
Kolkata - 700 001
28th April, 2017

By Order of the Board

Gautam Ganguli
Company Secretary

Notes:

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need not be a Member of the Company. The Instrument of Proxy must be lodged with the Company not less than 48 hours before the Meeting.

A person can act as a Proxy on behalf of Members not exceeding fifty and holding in aggregate shares not more than 10 per cent of the total Share Capital of the Company.

Proxies submitted on behalf of companies must be supported by an appropriate Resolution/Authority, as applicable.

2. The Register of Members shall remain closed from 23rd June, 2017 to 29th June, 2017 (*both days inclusive*).
3. The relevant Statement, pursuant to Section 102(1) of the Companies Act, 2013 ("the Act") in respect of the items of Special Business is annexed hereto.
4. As per Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing the facility of casting votes through the electronic voting system from a place other than the venue of the Meeting ("remote e-Voting") under an arrangement with The National Securities Depository Limited ("NSDL") as specified more fully in the instructions hereunder:
 - (a) The items of business set out in the attached Notice may, however, be transacted also through the electronic voting system as an alternative mode of voting provided that once a vote on a Resolution is cast, a Member shall not be allowed to change it subsequently or cast the vote again.
 - (b) The facility for voting through Ballot Paper shall also be made available at the Meeting venue and Members attending the Meeting, who have not already cast their vote by remote e-Voting, shall be permitted to exercise their rights at the Meeting.
 - (c) The Members who have cast their vote by remote e-Voting prior to the Meeting may attend the Meeting but shall not be entitled to cast their vote again.
5. The Notice of Meeting will also be available on the Company's website www.kesocorp.com and the website of The National Securities Depository Limited ("NSDL") at www.evoting.nsdl.com.
6. 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" i.e. 22nd June, 2017, shall be entitled to avail the facility of either remote e-Voting or voting at the Annual General Meeting ("AGM") through Ballot Paper. A person who is not a Member on the cut-off date should treat this Notice for information purposes only.
7. Members holding shares in physical form are requested to notify change of address, if any, along with a copy of any one of the address proofs i.e. Voter Identity Card, Aadhaar Card, Electric/Telephone Bill, Driving License, Passport or Bank Statement to the Share Department of the Company / Registrar and Share Transfer Agent and, in case the shares are held in dematerialised form, then this information should be passed on to the respective Depository Participant(s) and not to the Share Department of the Company / Registrar and Share Transfer Agent.
8. In case the mailing address mentioned on the envelope of this Annual Report is either without Pin Code or with incorrect Pin Code, Members are urged to advise the correct Pin Code to the Share Department of the Company / Registrar and Share Transfer Agent or the respective Depository Participant(s), as the case may be, immediately, for speedier delivery in future.

9. (a) Members desirous of receiving Notices and/or documents from the Company through the **electronic** mode are urged to update their email addresses with their **Depository Participant(s)**, where shares are held in electronic form or the **Share Department of the Company / Registrar and Share Transfer Agent** where shares are held in physical form.
- (b) Email addresses of Members as advised to the **Share Department of the Company/Registrar and Share Transfer Agent** where shares are held in physical mode or **registered with Depositories** where shares are held in the electronic mode will be deemed to be the Members' registered email addresses for serving Company documents / notices as per provisions of the Act and the instructions of the Ministry of Corporate Affairs. Members intending to refresh/update their email addresses should do so as soon as possible.
10. Members holding Shares, in physical form, in identical order of names in more than one Folio, are requested to write to the **Share Department of the Company / Registrar and Share Transfer Agent** enclosing the relevant Share Certificates requesting consolidation of such Folios into one Folio for their own conveniences.
11. As per the provisions of the Act, the facility for making /varying/cancelling nominations is available to individuals holding shares in the Company. Nominations can be made in **Form SH-13** and any variation/cancellation thereof can be made by giving notice in **Form SH-14**, prescribed under the Companies (Share Capital and Debentures) Rules, 2014 for the purpose. The Forms can be obtained from the **Share Department of the Company/Registrar and Share Transfer Agent** or from the **Website of the Ministry of Corporate Affairs** at www.mca.gov.in.
12. (a) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 dividends for the Financial Year ended 31st March, 2010 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the '**Investor Education and Protection Fund**' ("**IEPF**") constituted by the Central Government. Members, who have not encashed their *dividend warrant(s)* for the Financial Year ended 31st March, 2010 or any subsequent financial year(s) are urged to claim such amount from the **Share Department of the Company/Registrar and Share Transfer Agent**.
- (b) 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 details of unpaid and unclaimed amounts lying with the Company as on 28th July, 2016 (the date of the last Annual General Meeting) on the website of the Company www.kesocorp.com and also on the website of the Ministry of Corporate Affairs.
- (c) Further, pursuant to the Provisions of Sections 124 of the Companies Act, 2013 and of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, all shares in respect of which dividend has not been paid or claimed by the shareholder for seven years, the Company is required to transfer such Equity Shares of the members to the Demat Account of the Investor Education and Protection Fund Authority. The Company had sent a communication to all Shareholders concerned and had also published a Notice in the leading Newspaper both in English and Vernacular language, with respect to the formalities and process of such transfer. The Company has also uploaded full details of such shareholders, whose dividend remained unclaimed on its website www.kesocorp.com. The Company is in the process to transfer such shares to the Demat Account of Investor Education and Protection Fund Authority.
- (d) The members/claimants whose shares, unclaimed dividend, etc. have been transferred to the Fund may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF-5 (available on iepf.gov.in) along with requisite fees. The member/claimant can file only one consolidated claim in a financial year as per IEPF Rules.
- (e) Members are requested to claim their unclaimed shares lying with the Company by sending proper documentary evidence to establish their *bona fides*. Till such claim, as per Para E in Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, voting rights on such shares shall remain frozen.

13. The last dates of claim for the following dividends are as follows:

Dividend for the Financial Year ended	Date of declaration of Dividend	Last date for claiming unpaid Dividend
31 st March, 2010	1 st July, 2010	30 th July, 2017
31 st March, 2011	10 th November, 2010 (Interim)	8 th December, 2017
31 st March, 2011	5 th July, 2011	3 rd August, 2018
31 st March, 2012	11 th July, 2012	9 th August, 2019
31 st March, 2013	31 st July, 2013	2 nd September, 2020

- 14 a) Electronic copy of the Annual Report 2016–17, Notice of the aforesaid AGM, *inter alia*, indicating the process and manner of remote e-Voting along with Attendance Slip and Proxy Form are being sent to all Members whose email IDs are registered with the Company's Registrar & Share Transfer Agent/Depository Participant(s) for communication purposes unless a Member has requested for a hard copy of the same. For Members who have not registered their email IDs, physical copies of the Annual Report 2016–17, Notice of the AGM along with Attendance Slip, Electronic Voting Particulars and Proxy Form are being sent to their registered addresses.
- b) **Corporate Members/AOPs are required to send to the Company a certified copy of the Board Resolution, pursuant to Section 113 of the Act, authorising their representative to attend and vote at the Annual General Meeting.**
- c) Members desirous of getting any information in relation to the Company's Annual Report 2016–17 are requested to address their query(ies) well in advance, i.e. at least 10 days before the Meeting, to the Company Secretary to enable the Company keep the information readily available at the Meeting.
- d) Members holding shares in Electronic Form, are requested to bring their Depository ID Number and Client ID Number to facilitate their identification for recording attendance at the forthcoming Annual General Meeting.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) for all securities market transactions. Thereafter, it was clarified vide Circular no. MRD/DOP/Cir-05/2009 dated May 20, 2009 that for securities market transactions and off market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for transferee(s) to furnish a copy of PAN Card to the **Share Department of the Company/Registrar and Share Transfer Agent** for registration of such transfer of shares. Hence, Members holding shares in the electronic form are requested to submit their PANs to their Depository Participant(s) with whom they maintain their Demat Accounts. Members holding shares in physical form should submit their PAN details to the **Share Department of the Company/Registrar and Share Transfer Agent**.
- 16 **As per requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, particulars relating to appointment and reappointment of Directors are given in the Corporate Governance Section of the Annual Report.**
- 17 For those Members opting for remote e-Voting, the process and manner of remote e-Voting will be as follows:
- A. The voting period begins from **9.00 A.M. on Monday, 26th June, 2017** and ends at **5.00 P.M. on Wednesday, 28th June, 2017**. During this period, Members of the Company, holding Shares either in physical form or in dematerialised form, as on the **cut-off date ("record date")** i.e. **22nd June, 2017**, may cast their vote electronically. The e-Voting module shall be disabled by NSDL for voting thereafter. The facility for voting through Ballot Paper shall be made available at the Meeting to the Members as on the **"cut-off date"** i.e. **record date**, attending the Meeting, who have not cast their vote by remote e-Voting shall be able to exercise their right to vote at the Meeting through Ballot Paper.
- B. In case a Member receives an email from NSDL:
- (i) Open email and open PDF file viz; "KIL e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-Voting. Please note that the password is an initial password.

- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on **Shareholder – Login**.
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click **Login**.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-Voting opens. Click on remote e-Voting: Active Voting Cycles.
- (vii) Select **"EVEN"** of **"Kesoram Industries Limited"**.
- (viii) Now you are ready for remote e-Voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on **"Submit"** and also **"Confirm"** when prompted.
- (x) Upon confirmation, the message **"Vote cast successfully"** will be displayed.
- (xi) Once you have voted on a Resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the Scrutiniser through email to banerjeesalil@rediffmail.com with a copy marked to evoting@nsdl.co.in

C. In case a Member receives physical copy of the Notice of AGM :

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

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

- (ii) Please follow all steps from Serial No 17B (ii) to (xii) above, to cast vote. If you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password/PIN for casting your vote. You can also update your mobile number and email ID in the user profile details of the folio which may be used for sending future communication(s).

In case you have any query or issue regarding remote e-Voting, you may refer to the Frequently Asked Questions ("FAQs") and remote e-Voting user manual for Members available at the "downloads" section of www.evoting.nsdl.com or call on toll free No.: **1800-222-990**. Further queries relating to voting by electronic means or Resolutions proposed to be passed at the ensuing Annual General Meeting (AGM), may be addressed to Gautam Ganguli, Company Secretary at email: gg@kesoram.net or shareddepartment@kesoram.net.

18. Persons, who have acquired Shares and become Members of the Company after despatch of the Notice for the AGM, but before the **cut-off date**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or shareddepartment@kesoram.net. However, Members already registered with NSDL for remote e-Voting can use their existing user ID and passwords for casting their votes. If a Member has forgotten his password, he can reset his password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free No.: **1800-222-990**.
19. Voting rights of Members shall be in proportion to their share in the Company's Paid-up Equity Share Capital as on the **cut-off date**.
20. Salil Banerjee FCS, (CP Registration No. 1140), Practising Company Secretary, has been appointed as the Scrutiniser to enable the voting and remote e-Voting processes to be conducted in a fair and transparent manner.
21. The Chairman/person shall, at the end of discussion on the Resolutions on which voting are to be held, allow voting by use of Ballot Paper for those Members present at the AGM but have not cast their votes through the remote e-Voting facility.
22. The Scrutiniser shall after the conclusion of voting at the AGM, 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 Scrutiniser's Report of the total votes cast in

favour or against, if any, to the Chairman of the Meeting or a person authorised by him in writing, who shall countersign the same and declare the results of the voting forthwith.

23. The Results declared along with the Report of the Scrutiniser shall be placed on the website of the Company www.kesocorp.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of result by the Chairman of the Meeting or the person authorised by him in writing. The results shall also be simultaneously communicated to the Stock Exchanges and displayed on the Notice Board of the Company at the Registered Office at 8th Floor, Birla Building, 9/1 R N Mukherjee Road, Kolkata - 700001.
24. On receipt of the requisite number of votes, the Resolutions shall be deemed to have been passed on the date of the Annual General Meeting.
25. The Landmark and Route Map of the venue of the AGM are given on the reverse of the Attendance Slip cum Proxy Form with the Annual Report 2016-17.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item Number 4

Upon the recommendation of the Audit Committee, the Board had appointed Mani & Co., Cost Accountants to audit the cost accounting records maintained by the Company for the Financial Year ended 31st March, 2017 at a total remuneration of ₹5.02 lakhs excluding taxes and payment/reimbursement of out of pockets, in respect of its Tyre and Cement Businesses.

As required under Section 148(3) of the Companies Act, 2013 (the "Act") the remuneration payable to the Cost Auditors require ratification by Shareholders.

Item No. 4 of the Notice convening the Ninety-eighth Annual General Meeting ("AGM") has accordingly been proposed and the Board commends this Ordinary Resolution to Shareholders for acceptance.

No Director or Key Managerial Personnel or any relative of the Directors or Key Managerial Personnel have any concern or interest in the Resolution.

The passing of this Resolution does not and will not relate to or affect any other company.

Item Numbers 5 and 6

Manjushree Khaitan (DIN 00055898) was originally appointed a Whole-time Director (designated Executive Vice Chairperson) for a period of five years at nil remuneration effective 5th February, 2013.

Considering the time and effort she had been devoting to the Company, the Board, based upon a recommendation by its Nomination and Remuneration Committee, decided that, subject to the required approvals, she ought to be appropriately remunerated.

Accordingly, as per the recommendation of its Nomination and Remuneration Committee, the Board approved for her, a remuneration not exceeding ₹13.50 lakhs per month, excluding retiral benefits and leave encashment, effective 1st April, 2015 till the end of her term on 4th February, 2018. This was approved by the Shareholders at its Ninety-sixth AGM.

Manjushree Khaitan's involvement in the operations of the Company has grown considerably over the past two years, necessitating her devotion of a lot more time and effort than what was the case earlier.

Having regard to the above, the Board, based upon a recommendation of its Nomination and Remuneration Committee, wishes to propose, for shareholder approval, an increase in her remuneration parameters from the present ₹13.50 lakhs per month to an

amount not exceeding ₹23.50 lakhs per month, effective 1st April, 2017. The actual remuneration payable to her from time to time within the above parameters will be determined by the Board based upon a recommendation by its Nomination and Remuneration Committee.

Manjushree Khaitan's present appointment as a Whole-time Director will end owing to efflux of time as at close of business on 4th February, 2018. Item No. 6 of the Notice convening the Ninety-eighth AGM pertains to her re-appointment as a Whole-time Director, designated Executive-Vice Chairperson, for a period of two years from 5th February, 2018.

In view of the above, the Board based upon a recommendation of its Nomination and Remuneration Committee proposes shareholders approval through Special Resolution to her re-appointment as a Whole-time Director designated Executive Vice Chairperson or such other designation as may be decided by the Board for a period of two years and be entitled to remuneration within the parameters indicated in the text of the proposed Item No. 6. The remuneration being offered is in line with the Company's Remuneration Policy as well as present corporate remuneration trends taking due account of her rich background, experience and time devoted.

Manjushree Khaitan originally joined the Board as a Non-Executive Director on 20th October, 1998. She holds 7,20,158 Equity Shares of the Company being 0.614% of its paid-up Equity Share Capital. She is related to B K Birla, Chairman of the Board and a Promoter of the Company. Brief particulars of herself as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 are incorporated in the Report of Corporate Governance.

Information required to be disclosed under the provisions of the Second Proviso to Section-II(B), Part-II of Schedule V of the Act is as follows :

- the proposed remuneration has been approved by a Resolution of the Nomination and Remuneration Committee as well as the Board;
- the Company has not made any default in repaying its debt (including public deposits) or debentures or interest payable for a continuous period of thirty days in the preceding financial year;
- a Special Resolution is being passed at the forthcoming Annual General Meeting for payment of the remuneration for a period not exceeding two years;
- a statement containing further specified information is set out hereunder :

I. General Information:

(1) Nature of industry:

The company is in the business of manufacturing and marketing Tyres and Cement.

(2) Date or expected date of commencement of commercial production:

The Company was incorporated on 18th October, 1919. It commissioned its two Cement plants in 1969 and 1986, respectively and the present Tyre plant in 1991.

(3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus : Not applicable

(4) Financial performance based on given indicators:

Particulars	31.03.2017 (₹/crores)
Gross Revenue from operations	4209.02
Net Revenue from operations	3748.10
Profit/(Loss) before Exceptional items & Tax	(243.15)
Exceptional Items	121.35
Profit/(Loss) before Tax	(121.80)

Particulars	31.03.2017 (₹/crores)
Tax Expenses	2.33
Profit/(Loss) for the Year	(124.13)
Equity Share Capital	117.27

(5) Foreign investments or collaborations, if any : None

II. Information about the appointee:

(1) Background details:

A Post Graduate in English Literature, Manjushree Khaitan has attended Executive Development Programmes at the London Business School, U.K. and IMD, Switzerland. She joined the Company's Board on 20th October, 1998. She has been associated with plantations and various manufacturing units for over three decades.

(2) Past remuneration: ₹162.40 lakhs p.a.(31.03.2017)

(3) Recognition or awards: Nil

(4) Job profile and her suitability: She is entrusted with the management of the whole of the affairs of the Company subject to the superintendence, control and direction of the Board. Within the above parameters, she performs such duties as are or may be entrusted to her by the Board or its Committees from time to time.

(5) Remuneration proposed: As set out in Item Nos. 5 and 6 of the Notice convening the Company's Ninety-eighth AGM.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of her origin): Her remuneration is in line with that drawn by her peers in Industry.

(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Nil

III. Other information:

(1) Reasons of loss or inadequate profits : Out of the two Businesses of the Company, the Tyre Business has under-performed over the last few years. The Cement Business, has, however, consistently returned a positive Earnings before Interest, Depreciation, Taxes and Amortisation ("EBIDTA"). The Tyre Business's under-performance compounded by the effect of a debt burden has been the primary reason for the Company not being able to show a performance congruent with its potential. The Company has lowered debt during the year and is providing both Businesses with significant additional inputs to enable the Company transform itself.

(2) Steps taken or proposed to be taken for improvement: Both Businesses are inherently EBIDTA positive and, indeed, the Cement Business has never deviated from being EBIDTA positive over the years despite the constant interplay of demand and supply that the Business is continuously subjected to. The functioning of the Tyre Business is being remodelled through, *inter alia*, further qualitative improvement in the tyres manufactured, expanding range and focusing on niche products.

(3) Expected increase in productivity and profits in measurable terms: The Company draws immense strength from its long and established track record. The Cement Business with its strong brand image and a demonstrable marketing network will continue to be EBIDTA positive. The Company recognises also that the task ahead for the Tyre Business would be increased concentration on niches in the market place. Work, to this effect is under way.

IV. Disclosures: The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report. The Company accordingly commends for Shareholders acceptance the Special Resolution as set out in Item No. 5 & 6 of the Notice covering the Company's Ninety-eighth AGM. Other than B K Birla and Manjushree Khaitan no other Director or Key Managerial Persons have any concern or interest in the Resolutions. The passing of the Resolutions does not and will not relate to any other Company.

Item Number 7

Tridib Kumar Das (DIN 01063824), ("T K Das"), Whole-time Director and Chief Financial Officer of the Company was originally appointed as a Whole-time Director for a period of three years effective 1st April, 2016. The arrangement was determined through mutual consent from close of business hours on 31st March, 2017.

The Board, in accordance with a recommendation of its Nomination and Remuneration Committee, seeks to appoint T K Das as a Whole-time Director afresh from 1st April, 2017 for a period of three years on a remuneration set out in Item No. 7 of the Notice convening the Company's Ninety-eighth AGM.

T K Das a qualified Chartered Accountant and a Cost and Management Accountant is functioning in a professional capacity and is neither a shareholder nor related to any Director or any other Key Managerial Personnel or Promoter of the Company, at any time during the last two years before or after the date of appointment. The remuneration offered to him is in line with the Company's Nomination and Remuneration Policy as well as present corporate trends taking due account of his expertise as well as the considerable acumen that he brings to the Company.

As per Schedule V of the Act, T K Das's appointment and remuneration requires approval through a Special Resolution.

Brief particulars of T K Das in terms of Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are incorporated in the Report on Corporate Governance.

Information required to be disclosed under the provisions of the Second Proviso to Section-II(B), Part-II of Schedule V of the Act is as follows :

- i. the proposed remuneration has been approved by a Resolution of the Nomination and Remuneration Committee as well as the Board;
- ii. the Company has not made any default in repaying its debt (including public deposits) or debentures or interest payable for a continuous period of thirty days in the preceding financial year;
- iii. a Special Resolution is being passed at the forthcoming Annual General Meeting for payment of the remuneration for a period not exceeding three years;
- iv. a statement containing further specified information is set out hereunder :

I General Information:

(1) Nature of industry:

The company is in the business of manufacturing and marketing Tyres and Cement.

(2) Date or expected date of commencement of commercial production:

The Company was incorporated on 18th October, 1919. It commissioned its two Cement plants in 1969 and 1986, respectively and the present Tyre plant in 1991.

(3) In case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus : Not applicable

(4) Financial performance based on given indicators:

Particulars	31.03.2017 (₹/crores)
Gross Revenue from operations	4209.02
Net Revenue from operations	3748.10
Profit/(Loss) before Exceptional items & Tax	(243.15)
Exceptional Items	121.35
Profit/(Loss) before Tax	(121.80)
Tax Expenses	2.33
Profit/(Loss) for the Year	(124.13)
Equity Share Capital	117.27

(5) Foreign investments or collaborations, if any : None

II Information about the appointee:

- (1) **Background details :** T K Das, a Chartered Accountant as well as a Cost and Management Accountant, joined the Company as its Chief Financial Officer on 18th June, 2012 and was appointed as a Whole-time Director with effect from 1st April, 2016. The arrangement was determined through mutual consent from close of business hours on 31st March, 2017. He is an eminent professional with over 30 years of acumen gathered in areas of strategic planning, finance and accounting in several Industries.
- (2) **Past remuneration :** ₹402 lakhs p.a. (31.03.2017)
- (3) **Recognition or awards:** Nil.
- (4) **Job profile and his suitability:** T K Das is entrusted with the management of the whole of the affairs of the Company subject to the superintendence, control and direction of the Board. Within the above parameters, T K Das performs such duties as are or may be entrusted to him by the Board or its Committees from time to time. He has wide ranging experience in several businesses to effectively guide the Company in the pursuit of its goals.
- (5) **Remuneration proposed:** As set out in Item No. 7 of the Notice of the Annual General Meeting.
- (6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :** T K Das's remuneration is considered reasonable and is in line with that drawn by his peers in Industry.
- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Nil

III Other Information:

- (1) **Reasons of loss or inadequate profits :** Out of the two Businesses of the Company, the Tyre Business has under-performed over the last few years. The Cement Business, has, however, consistently returned a positive Earnings before Interest, Depreciation, Taxes and Amortisation ("EBIDTA"). The Tyre Business's under-performance compounded by the effect of a debt burden has been the primary reason for the Company not being able to show a performance congruent with its potential. The Company has lowered debt during the year and is providing both Businesses with significant additional inputs to enable the Company transform itself.
- (2) **Steps taken or proposed to be taken for improvement:** Both Businesses are inherently EBIDTA positive and, indeed, the Cement Business has never deviated from being EBIDTA positive over the years despite the constant interplay of

demand and supply that the Business is continuously subjected to. The functioning of the Tyre Business is being remodelled through, *inter alia*, further qualitative improvement in the tyres manufactured, expanding range and focusing on niche products.

- (3) **Expected increase in productivity and profits in measurable terms:** The Company draws immense strength from its long and established track record. The Cement Business with its strong brand image and a demonstrable marketing network will continue to be EBIDTA positive. The Company recognises also that the task ahead for the Tyre Business would be increased concentration on niches in the market place. Work, to this effect is under way.

IV Disclosures:

The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report.

The Company accordingly commends for Shareholders acceptance the Special Resolution as set out in Item No. 7 of the Notice convening the Company's Ninety-eighth AGM. T K Das should be deemed concerned or interested in this Resolution. No other Director or Key Managerial Personnel, Promoters or any of their relatives have any concern or interest, financial or otherwise in the Resolution. The passing of this Resolution does not and will not relate to any other Company.

Registered Office:

9/1, R. N. Mukherjee Road,
Kolkata - 700 001
28th April, 2017

By Order of the Board

Gautam Ganguli
Company Secretary

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST MARCH, 2017

The Board presents its Ninety-eighth Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2017.

FINANCIAL RESULTS

₹ in crores

Particulars	31 st March, 2017	31 st March, 2016
Total Revenue from:		
Continuing operations	3891.96	4217.57
Discontinuing operations	-	288.77
Total Revenue	3891.96	4506.34
Profit/(Loss) before interest, depreciation, tax and other amortizations ("EBIDTA")	134.80	(165.30)
Add : Exceptional Income	121.35	755.35
Less : Depreciation and Amortization Expenses (Net of transfer from Revaluation Reserve)	108.97	122.31
Finance Costs	268.98	677.53
Tax Expenses - Net	2.33	-
	380.28	799.84
Profit/(Loss) for the year from continuing operations	(124.13)	(209.79)
Profit/(Loss) for the year from discontinuing operations	-	(34.50)
Profit on disposal of Assets and Liabilities of discontinuing operations	-	381.41
Profit/(Loss) for the year	(124.13)	137.12
Balance of Profit/(Loss) at the beginning of the year	(451.23)	(588.35)
(Loss) Carried Forward	(575.36)	(451.23)

DIVIDEND

No dividend is proposed in view of the loss during the year.

SHARE CAPITAL

The Paid-up Equity Share Capital as on 31st March, 2017 remained at ₹117.27 crores. The Company has not, during the year, issued any shares with or without differential voting rights, granted stock options or issued sweat equity shares.

SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES

10.50% Secured Redeemable Non Convertible Debentures amounting to ₹200 crores issued during the previous year were redeemed in full on 13th April, 2016.

DEPOSITS

The Company has not, during the year, accepted any deposit within the meaning of Section 73 of the Companies Act, 2013 ("the Act"). Deposits amounting to ₹4.46 lakhs from two persons remained unclaimed as at the end of the year. There were no deposits not in compliance with the requirements of Chapter V of the Act.

GENERAL REVIEW

Despite encountering significant challenges during the year, the Company earned a positive Earnings Before Interest, Depreciation, Taxation and other Amortisations ("EBIDTA") of ₹134.80 crores as against a negative EBIDTA of ₹165.30 crores in the previous year.

Total Revenue for the year on a standalone basis was ₹3891.96 crores as compared to ₹4217.57 crores in the previous year.

Sale volumes and net sales realisations of the Cement Business came under stress during the year owing to subdued demand in the areas which it services. This position was further exacerbated by capacity additions in this area resulting in further pressure on price realisations. To make matters worse, input cost increases during the year also impacted margins even though the Business made measured advances in value engineering of cement inputs. The Business's brand recall gained in strength in the wake of several initiatives carefully conceived to underline the quality superiority of the *Birla Shakti* brand in the market.

The task before the Tyre Business during the year was to realign manufacturing capabilities upon the transfer and ultimate disposal of the Business's Uttarakhand manufacturing facility. Despite unavailability of production from the Uttarakhand facility during the year, the Business maintained its presence in the market. This would not have been possible without a renewed quality emphasis together with the development of market oriented products. Thus, a complete range of tubeless tyres for two and three wheelers, a premium range of bias tyres for the commercial vehicle segment, christened *Platina*, and an entirely new range of radial tyres also for the commercial vehicle segment were put into the market. Investments, during the year, in increasing the *Birla Tyres* brand awareness and recall was yet another high point. Sponsorship of the Kolkata based *Atletico de Kolkata* football team that won the Indian Super League 2016 ("ISL 2016"), for instance, was a success. *Birla Tyres* had also been a major sponsor of the ISL 2016. Its "Tireless" advertisement campaign was also well accepted. Steep increases in prices of major inputs during the second half of the year, however, ranked as a major dampener to its efforts at business consolidation in the revised scenario. Nonetheless, the Business endeavoured to counteract this situation with better sourcing as well as product re-engineering.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE

A Management Discussion & Analysis and the Report on Corporate Governance are attached as **Annexures I and II** respectively of this Annual Report.

RISK MANAGEMENT

The Company has a Risk Management Policy tailored to appropriately appraise the state of the Company's business risks. The Policy is so structured as to evaluate risks at several operational levels so that processes to monitor business risks are effectively identified and mitigation procedures implemented.

GOING CONCERN STATUS

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

INTERNAL FINANCIAL CONTROLS

The Board reviews from time to time the adequacy and effectiveness of the Company's internal financial controls. This year was no exception. The reviews conducted during the year did not reveal any material deficiencies in the internal financial control structure.

EVALUATION OF BOARD PERFORMANCE

The performance of the Board, each Board Member individually, including each of the Independent Directors, as well as the working of Board Committees was subjected to evaluation during the year. The Board did not deviate from the assessment mechanism adopted in the previous year. A brief statement on the methodology adopted appears in the Report on Corporate Governance.

As required under the provisions of the Act, a Meeting of all Independent Directors was convened and held during the year.

NUMBER OF BOARD MEETINGS

A tentative calendar of Board Meetings to take place in each year is prepared and circulated to Board Members before the beginning of each Financial Year. During the year, six Board Meetings were convened and held. These details are provided in the Report on Corporate Governance.

NOMINATION AND REMUNERATION POLICY

The Company's Nomination and Remuneration Policy prepared in conformity with the requirements of the provisions of Section 178(3) of the Act is attached in **Annexure III** to this Report.

AUDIT COMMITTEE

The Audit Committee is chaired by Amitabha Ghosh, an eminent Chartered Accountant with additional qualification in Banking. Vinay Sah, Kashi Prasad Khandelwal, Sudip Banerjee and Lee Seow Chuan are Members of the Committee. Tridib Kumar Das, Whole-time Director & Chief Financial Officer is a permanent invitee to the Meetings. The Company Secretary acts as Secretary to the Committee.

All recommendations of the Audit Committee were duly accepted by the Board and there were no instances of any disagreement between the Committee and the Board.

CORPORATE SOCIAL RESPONSIBILITY

In the absence of profit, there were no compulsions whatsoever on the Company to incur any spends on Corporate Social Responsibility ("CSR") during the year. A no compulsion situation acted as an added impetus for the Company to keep up all its programmes initiated earlier so as to positively contribute in its small way to societal well-being keeping in mind the provisions of Section 135 of the Act.

The CCFC-Kesoram Football Academy, the soccer nursery promoted by the Company, remains a pivotal CSR project. A nucleus of trainees selected during the year from hundreds of hopefuls are being rigorously coached by a team of senior trainers in the finer points of the game. The project aims not only to foster the game of football in the country but also emerge as a source of livelihood for the trainees who are drawn from the weaker sections of society. For the Company, that achievement will rank as an ornate diadem in its humble quest to serve society at large.

The CSR Policy is available on www.kesocorp.com. As at 31st March, 2017, the Board Committee on CSR consisted of Manjushree Khaitan as Chairperson, Amitabha Ghosh and Tridib Kumar Das.

The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is given in **Annexure IV** to this Report.

RELATED PARTY TRANSACTIONS

As required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations, 2015"), related party transactions are placed before the Audit Committee for approval. Wherever required, prior approval of the Audit Committee is obtained on an omnibus basis for continuous transactions and the corresponding actual transactions become a subject of review at subsequent Audit Committee Meetings.

All related party transactions/arrangements entered during the year were on an arm's length basis and in the ordinary course of business.

There were no materially significant related party transactions entered into by the Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which could conflict with the interest of the Company as a whole and, as such, disclosure in Form AOC-2 pursuant to Rule 8(2) of the Companies (Accounts) Rules, 2014 is not required.

The Company's Related Party Transaction Policy appears on its website with web link www.kesocorp.com/DOCS/management_corner.php#slide_5.

SUBSIDIARY AND JOINT VENTURE COMPANY

As at 31st March, 2017, the Company had a wholly-owned subsidiary, Cygnet Industries Limited ("Cygnet") and a Joint Venture Company Gondkhari Coal Mining Limited ("Gondkhari").

The Company's shareholding interest in Cavendish Industries Limited, a material unlisted subsidiary, was disposed of on 13th April, 2016.

Effective close of business 31st March, 2016, the Company's rayon and transparent paper undertaking was transferred, upon obtaining the required approvals, to Cygnet. As at close of business on 31st March, 2017, Cygnet was a wholly-owned subsidiary. This position continues as on date. Consequently, the Consolidated Financial Statements of the Company in respect of the year appear on Pages 125 to 160.

Gondkhari Coal Mining Limited ("Gondkhari"), a Special Purpose Vehicle ("SPV"), was incorporated in 2009 as a Joint Venture between the Company (45.46% shareholding), Maharashtra Seamless Limited (30.30% shareholding) and Dhariwal Power & Alloys Private Limited (formerly known as Dhariwal Infrastructure Limited) (24.24% shareholding). The joint venture was set up as per Central Government directives to develop and work the Gondkhari Coal Block in the State of Maharashtra that the Central Government had allocated. The Supreme Court, vide judgment dated 25th August, 2014, read with Order dated 24th September, 2014, cancelled the allocation of all coal blocks (including Gondkhari) by the Central Government. The deallocation of the coal block has made the SPV virtually defunct.

In view of the provisions of Paragraphs 11, 28 of Accounting Standards ("AS") 21 and Paragraph 38 of AS 27, consolidation of the Financial Statements of these companies as at 31st March, 2017 are not mandated. Therefore, a Report on the performance and financial position of these companies, as required under Rule 8(1) of the Companies (Accounts) Rules, 2014, is not annexed to this Report.

A Statement containing salient features of the financial statement of the wholly-owned subsidiary in Form AOC-1 is attached in Annexure V to this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The following inter corporate financial exposures were taken by the Company during the year:

Company	Balance as at 31 st March, 2017 (₹ in crores)
A. Cygnet, wholly-owned subsidiary	
(i) Investment	30.05
(ii) Loan	529.29
B. Camden Industries Limited	
(i) Loan	0.58

Subject to the above, the Company has taken no other financial exposure to any other company within the meaning of the provisions of Sections of 186 of the Act during the year whether in terms of loans, guarantees or investments.

VIGIL MECHANISM

The Whistle Blower Policy of the Company is available on its website www.kesocorp.com.

STATUTORY AUDITORS AND REPORT

Messrs. Price Waterhouse, Chartered Accountants, ("PW") were appointed Auditors for a period of three years at the Company's Ninety-sixth Annual General Meeting ("AGM") from the conclusion of the Ninety-fifth AGM till the conclusion of the Ninety-eighth AGM. As such, PW retire at the conclusion of the Ninety-eighth AGM. In view of the provisions of Section 139 of the Act, PW can no more continue as the Auditors. The Board, upon the advice of the Audit Committee, wishes to recommend the appointment of Deloitte Haskins & Sells, Chartered Accountants, as Auditors for a period of five years from the conclusion of the Ninety-eighth AGM. A Resolution to this effect is being proposed at the forthcoming AGM.

The Report of the Statutory Auditors for the year ended 31st March, 2017, forming part of the Annual Report does not contain any qualification, reservation, observation, adverse remark or disclaimer.

COST AUDITORS

Upon a recommendation from the Audit Committee, Mani & Co., Cost Accountants were appointed to audit the cost accounting records maintained by the Company, for the Financial Year ended 31st March, 2017 at a total remuneration of ₹5.02 lakhs, excluding taxes and reimbursement of out of pockets as stated herein:

Product	Name of Cost Auditor	Remuneration in lakhs
Cement	Mani & Co.	3.10
Tyre, Tube & Flaps	Mani & Co.	1.92
Total		5.02

As per Section 148(3) of the Act, the remuneration payable to the Cost Auditors requires ratification by Shareholders. An appropriate Resolution, to this effect, is being proposed at the forthcoming Annual General Meeting.

SECRETARIAL AUDITOR

The Board reappointed Salil Banerjee, FCS, Practising Company Secretary (CP Registration No. 1140) to audit the secretarial records of the Company in respect of the Financial Year 2016-17.

The Report of the Secretarial Auditor is attached in **Annexure VI** to this Report. There are no qualifications in the Report.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other particulars as prescribed under the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are set out in **Annexure VII** and forms part of this Report. None of the employees listed in the said Annexure is related to any Director of the Company.

As per the provisions of Section 136 of the Act, this Annual Report and Accounts is being sent to each Member and others entitled thereto, excluding the information on employee particulars as per Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended. This information is readily available for inspection by Members at the Company's Registered Office between 3 PM and 5 PM on all working days (excluding Saturdays) up to the date of the forthcoming Annual General Meeting. Should any Member be interested in obtaining a copy (including through email: gg@kesoram.net), s/he should write to the Company Secretary at the Company's Registered Office.

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place the requisite Internal Committees as envisaged in the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

No complaints on the issues covered by the above Act were received during the year.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) the Act and, based upon representations from the Management, the Board, to the best of its knowledge and belief, states that:

- (a) in the preparation of the Annual Accounts, applicable accounting standards has been followed along with proper explanation relating to material departures;
- (b) such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2017 and of the loss for that period;
- (c) proper and sufficient care was taken 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) the Annual Accounts have been prepared on a going concern basis;
- (e) internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
- (f) proper systems have been devised to ensure compliance by the Company with the provisions of applicable laws and that such systems were adequate and working effectively.

DIRECTORS

Manjushree Khaitan's (DIN 00055898) term as a Whole-time Director will end owing to efflux of time from close of business on 4th February, 2018. It is proposed to renew her term for another two years and an appropriate Resolution, to this effect is being proposed at the forthcoming AGM. Her brief profile is given in the Report on Corporate Governance.

Tridib Kumar Das (DIN 01063824), was appointed as a Whole-time Director, effective 1st April, 2016. The arrangement was determined through mutual consent from close of business hours on 31st March, 2017. It is proposed to appoint him afresh for a three year term effective 1st April, 2017 and an appropriate Resolution, to this effect is being proposed at the forthcoming AGM. His brief profile appears in the Report on Corporate Governance.

All Independent Directors have furnished to the Company the requisite declarations that they meet the independence criteria as laid down under Section 149(6) of the Act and the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Vinay Sah (DIN 02425847), Director, nominated by Life Insurance Corporation of India, retires by rotation and, being eligible, offers himself for reappointment. His brief profile is given in the Report on Corporate Governance.

KEY MANAGERIAL PERSONNEL

The following functioned as Key Managerial Personnel during the year:

Manjushree Khaitan	Executive Vice Chairperson
Tridib Kumar Das	Whole-time Director and Chief Financial Officer
Gautam Ganguli	Company Secretary

Upon cessation of employment, Arvind Kumar Singh, Chief Executive Officer – Business Operations and Enrico Malerba, Chief Business Officer ceased to be Key Managerial Personnel effective 5th May, 2016 and 1st March, 2017, respectively.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, set out in **Annexure VIII** to this Report.

MATERIAL CHANGES BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

There have been no material changes between the end of the Financial Year and the date of this Report.

EXTRACTS FROM ANNUAL RETURN

Details forming part of extract from the Company's Annual Return in Form MGT 9 are furnished in **Annexure IX** to this Report.

ANNEXURES FORMING PART OF THIS REPORT

Annexure	Particulars
I	Management Discussion & Analysis
II	Report on Corporate Governance
III	Nomination & Remuneration Policy
IV	Report on Corporate Social Responsibility (CSR) activities
V	AOC – 1
VI	Secretarial Audit Report
VII	Remuneration related disclosures per Section 197
VIII	Energy Conservation Particulars
IX	Annual Return Extracts

APPRECIATION

The Board wishes to gratefully acknowledge the understanding and support received by the Company from its employees. It would wish to thank the banking system, the Central Government, the various State Governments and the local authorities for the support received during the year.

This Report will be incomplete without a specific appreciation for the Members of the Company who have shown immense confidence and understanding in the Company's well being.

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah | *Director*

Tridib Kumar Das
*Whole-time Director &
Chief Financial Officer*

Gautam Ganguli
Company Secretary

Place: Kolkata
Date: 28th April, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Overview

A snapshot of the Company's Business-wise performance during the year appears below:

₹ in crores

S.No.	Particulars	2016-17	2015-16
1.	EBIDTA		
a)	Cement	181	336
b)	Tyres	(40)	(358)
c)	Rayon	-	(32)
d)	Total EBIDTA before Corporate Expenses	141	(54)
e)	Unallocated Expenses	(6)	(143)
	Total EBIDTA	135	(197)
2.	Exceptional Income	121	1137
3.	Finance Cost including interest	269	678
4.	Cash Profit /(Loss)	(13)	262
5.	Depreciation	109	125
6.	Profit Before Tax	(122)	137
7.	Tax Provision	2	-
8.	Profit After Tax	(124)	137

Business-wise resume

Cement

Industry Overview

The Indian cement industry is the second-largest in the world in terms of production. The country produced some 280 million tonnes of cement during the Financial Year ended 31st March, 2016 and is expected to reach at least 600 million tonnes per annum by 2025. To meet the anticipated rise in demand, cement companies are expected to add over 56 million tonnes in capacity over the next three years. A total of 188 large cement plants together account for 97% of the total installed capacity in the country, with 365 smaller plants accounting for the rest. Of these large cement plants, 77 are located in the states of Andhra Pradesh, Rajasthan and Tamil Nadu.

Risks and Concerns

Coal, a key input for the cement industry, saw an environment cess of ₹400 per tonne levied as against ₹200 per tonne in the previous year. Coal import prices increased by 60% during April-October 2016. Power and fuel costs accounted for 28% of the

total operating costs for cement companies. With pet coke and coal prices still remaining high industry margins are expected to be impacted.

Cement clinker production accounts for some 4% of global CO₂ emissions resulting from fuel use and industrial activities. Environmental policies pertaining to the usage of pet coke are becoming more and more stringent with each passing year.

Growth drivers

The per capita income in India could cross ₹ one lakh during FY 2018 from ₹93,000, clocking a year on year increase of 7.5%. This should help consumer spending and change buyer perceptions, spurring people to invest more in purchasing homes.

With urban population set to rise to some 814 million by 2050, the Central Government has planned to develop 100 smart cities across the country. This is expected to boost cement consumption volumes.

The housing sector is perhaps the biggest demand driver of cement, accounting for some 67% of total consumption in India. The sector is expected to grow at a CAGR of around 11%. Retail, hospitality and commercial real estate volumes are also growing significantly, and those would in turn drive cement demand.

The primary aim of the *Pradhan Mantri Awas Yojana* ("PMAY") is to ensure that at least two crores houses are built across the nation. An increased allocation towards low-cost rural housing under the aegis of PMAY should increase cement demand.

The Central Government plans to increase infrastructural investment by US\$1 trillion during the 12th Five Year Plan period. This is expected to further the prospects of the cement industry.

Outlook

India's cement demand is expected to reach 550-600 million tonnes per annum by 2025.

The Company's Cement Business going forward

The Cement Business during the year was able to penetrate deeper into Tamil Nadu, Kerala, southern Madhya Pradesh, Chhattisgarh, Karnataka and Telangana and maintain sale volumes at prices relatively better than in Maharashtra, which witnessed a slower demand growth during the year. Greater emphasis was also given to trade sales (including distributors and dealers) and a much higher brand visibility. These initiatives are expected to be aggressively sustained during the current year. Side by side, process efficiency, energy conservation and issues of augmentation of logistics are measures that would be further emphasised during the current year.

To strengthen backward integration and raise long-term resource security, the Business intends to invest in enhancing limestone availability. The Business also plans to evolve product offerings in a way that would afford enhanced thrust to blended cement, over ordinary cement.

The Business expects cement prices to firm up, during the current year, buoyed by increased infrastructure development.

Tyres

Industry Overview

The Indian tyre industry in terms of tonnage sold has been growing at a moderate 4% per annum. The personal vehicle segment is seeing an offtake increase at a CAGR of 8%. However, sales were sluggish during Q3, 2016-17 owing to subdued realisations and reduced purchasing power. It is expected that overall industry revenues will grow at a CAGR of around 12.5% going forward.

Risks and concerns

The domestic tyre industry will undergo several structural changes as it goes along. The fortunes of the tyre industry are inextricably linked with that of the motor vehicles industry. With motor vehicles continuing to evolve, the tyre industry will follow suit.

The Tyre Business considers import duty on natural rubber to be exorbitant. Volatility of prices of other raw materials are also concerns.

Consumers may shift to biodegradable, durable, and lightweight tyres in future. Non-crude oil based tyres is also a possibility.

Growth drivers

Domestic tyre-makers have invested significantly in recent years in new capacities for truck and bus radials and of two-wheeler tyres. However, with uncertain input price trends, the industry is now looking to consolidate operations by optimally utilising installed capacities.

Growing on-ground fleet sizes and the long distances covered by them have meant that replacement sales have gone up. Replacement sales are anticipated to increase further. The prediction of abundant rainfall could also play a key role in driving replacement sales during 2017-18.

Outlook

The outlook for the domestic tyre industry over the medium-term is stable supported by favourable demand, both domestically and internationally.

The Company's Tyre Business going forward

A critical focus of the Company's Tyre Business, going forward, would be increased customer centricity, network expansion and an upgraded supply chain experience. The objective would be to enhance productivity at all operational levels and enhance consumer engagement. The Business will aim at increasing market presence in two- and three-wheelers, off-the-road vehicles, tractors, bias as well as radial tyres for Commercial Vehicles.

Internal Control Systems and their adequacy

This has already been covered in Directors' Report.

Material Developments in Human Resources

Industrial Relations were cordial during the year under review.

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice Chairperson

Amitabha Ghosh	<i>Director</i>
Kashi Prasad Khandelwal	
Sudip Banerjee	
Lee Seow Chuan	
Vinay Sah	

Tridib Kumar Das
*Whole-time Director &
Chief Financial Officer*

Gautam Ganguli
Company Secretary

Place: Kolkata
Date: 28th April, 2017

REPORT ON CORPORATE GOVERNANCE

1. GOVERNANCE PHILOSOPHY

The Company's philosophy on governance is founded upon and structured on a rich legacy of principles and practices that predicates dealings with stakeholders based on fairness, transparency and ethical behaviour. It seeks to assiduously build mutual trust and confidence as the basis for all working relationships with stakeholders. Implicit in this philosophy is also the recognition and demonstration of a two way communication between the Company and its stakeholders. While the Company welcomes constructive ideas and encourages dissent, it also acts fearlessly and with conviction.

2. BOARD OF DIRECTORS

i) Composition of the Board, Directorships & Committee positions held in other Companies and shares held as on 31st March, 2017:

As on 31st March, 2017, the Company had eight Directors. The composition of the Board complies with the provisions of the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations"). Details of Board composition are as follows:

Directors	Designation	Category	No. of other Directorships held *	No. of Independent Directorships held in Listed Companies *	No. of other Board Committees** (of Companies*)		Share-holding in the Company
					As a Member	As a Chairman / Chairperson	
Basant Kumar Birla	Chairman	Non-executive	4	0	0	0	4,02,496
Manjushree Khaitan	Executive Vice Chairperson	Executive	2	0	0	0	7,20,158
Amitabha Ghosh	Director	Non-executive Independent	4	3	2	1	Nil
Vinay Sah	Nominee Director, LIC (Equity Investor)	Non-executive	0	0	0	0	Nil
Kashi Prasad Khandelwal	Director	Non-executive Independent	2	2	3	0	Nil
Sudip Banerjee	Director	Non-executive Independent	2	0	0	0	Nil
Lee Seow Chuan	Director	Non-executive Independent	0	0	0	0	Nil
Tridib Kumar Das	Whole-time Director	Executive	2	0	0	0	Nil

* Excluding Kesoram Industries Limited, Private Companies, Companies under Section 8 of the Companies Act, 2013 ("the Act") and foreign companies.

** Only two Committees viz., the Audit Committee and the Stakeholders' Relationship Committee have been considered for this purpose in terms of Regulation 26(1)(b) of the LODR Regulations.

The following persons are related as per the provisions of the Act:

Basant Kumar Birla and Manjushree Khaitan;

ii) Attendance of Directors at Meetings held during the Financial Year 2016-17

Six Board Meetings were held during the Financial Year ended 31st March, 2017 on 25th May, 2016, 11th August, 2016, 9th November, 2016, 6th December, 2016, 8th February, 2017 and 27th March, 2017.

The attendance of each Director at these Meetings and at the Ninety-seventh Annual General Meeting ("AGM") held on 28th July, 2016 was as follows:

Members	Attendance	
	No. of Board Meetings	AGM
Basant Kumar Birla	2	No
Manjushree Khaitan	4	Yes
Amitabha Ghosh	6	Yes
Vinay Sah	3	No
Kashi Prasad Khandelwal	6	Yes
Sudip Banerjee	5	No
Lee Seow Chuan	4	Yes
Tridib Kumar Das	6	Yes

iii) Details of Remuneration and Meeting Fees paid to Directors during the Financial Year 2016-17

Sl.No.	Name of the Directors	Sitting fees paid for ¹	
		Board Meetings (B)	Committee Meetings* (B)
1	Basant Kumar Birla	2,00,000	-
2	Manjushree Khaitan **	-	-
3	Amitabha Ghosh	6,00,000	7,60,000
4	Vinay Sah***	3,00,000	2,20,000
5	Kashi Prasad Khandelwal	6,00,000	7,20,000
6	Sudip Banerjee	5,00,000	4,40,000
7	Lee Seow Chuan #	5,78,872	6,36,759
8	Tridib Kumar Das**	-	-
	Total	27,78,872	27,76,759

¹ Exclusive of 0.5% Swachh Bharat Tax (chargeable w.e.f. 15.11.2015)

* Includes non-statutory Committees of the Company as well as Meeting of Independent Directors

** Sitting fee is not payable to Whole-Time Directors

*** Fees paid to Life Insurance Corporation of India ("LIC").

Inclusive of Income Tax borne by the Company.

No Commission was paid to the Directors during the Financial Year 2016-17.

Tridib Kumar Das was appointed a Whole-time Director at the Annual General Meeting held on 28th July, 2016 for a period of three years. The total remuneration paid to him during 2016-17 is given below:

Particulars	Amount paid ₹/lakhs
Gross Salary :	
(a) Salary [Section 17(1) of Income Tax Act, 1961]	401.70
(b) Value of perquisites	0.81
(c) Others :	
Contribution to Provident Fund and Superannuation Fund	11.52
Total	414.03

Manjushree Khaitan was appointed as a Whole-time Director for a period of five years with effect from 5th February, 2013 at the Ninety-fourth Annual General Meeting held on 31st July, 2013. At the Ninety-sixth Annual General Meeting held on 12th December, 2015, Special Resolution was passed for payment of remuneration for the period commencing from 1st April, 2015 to 4th February, 2018. The total remuneration paid to her during 2016-17 is given below:

Particulars	Amount paid ₹/lakhs
Gross Salary :	
(a) Salary [Section 17(1) of Income Tax Act, 1961]	167.47
(b) Value of perquisites	0.63
(c) Others :	
Contribution to Provident Fund and Superannuation Fund	7.20
Total	175.30

Apart from the above, no other pecuniary relationships (including stock options) or transactions vis-a-vis the Company exists with any Director.

iv) Code of Conduct

The Company has a Code of Conduct applicable to all Board Members and Senior Management staff for avoidance of conflict of interest between each of these individuals and the Company. Each Board Member and Senior Management staff have declared their compliance with the Code of Conduct as at 31st March, 2017. There were no materially significant transactions during the Financial Year with Board Members and Senior Management, including their relatives that had or could have had a potential conflict of interest with the Company.

The Code of Conduct is available on the website of the Company.

3. AUDIT COMMITTEE

i) Terms of Reference

The Audit Committee has been mandated with the same terms of reference as specified in Regulation 18 of the LODR Regulations. The terms of reference also conform to the requirements of Section 177 of the Act.

ii) Composition, Names of Members and Chairman

As on 31st March, 2017, the Audit Committee had five Non-Executive Directors as Members out of which four were Independent Directors and one was Nominee Director with Amitabha Ghosh as the Chairman of the Committee.

The composition of the Committee and the attendance of each Member at Meetings were as follows:

Members	No. of Meetings attended
Amitabha Ghosh	4
Vinay Sah	1
Kashi Prasad Khandelwal	4
Sudip Banerjee	4
Lee Seow Chuan	4

Four Meetings were held during the Financial Year ended 31st March, 2017 on 25th May, 2016, 11th August, 2016, 9th November, 2016 and 8th February, 2017.

The quorum for an Audit Committee Meeting is two Members personally present. The Company Secretary acts as the Secretary to the Audit Committee.

The following were invited to Audit Committee Meetings:

- the Statutory Auditors.
- the Internal Auditors, as and when necessary.
- the Cost Auditors, as and when necessary.
- Tridib Kumar Das, Whole-time Director and Chief Financial Officer; Enrico Malerba, Chief Business Officer (till 28.02.2017); U. S. Asopa, Chief of Treasury and Accounts and Suresh Sharma, Chief of Secretarial & Investor Services.

Amitabha Ghosh, Chairman of the Committee and Kashi Prasad Khandelwal, Member of the Committee are senior Chartered Accountants with expert knowledge in finance, accounting and audit. Vinay Sah is a senior executive of the Life Insurance Corporation of India. Lee Seow Chuan is a fellow member of the Association of International Accountants, UK. Sudip Banerjee is an Honours graduate in Economics and holds a Management Diploma from All India Management Association.

All Members of the Committee are therefore financially literate.

The Chairman of the Audit Committee attended the last Annual General Meeting ("AGM") held on 28th July, 2016.

4. NOMINATION AND REMUNERATION COMMITTEE

i) Composition, Names of Members and Chairman

As on 31st March, 2017, the Nomination & Remuneration Committee consisted of three Non-Executive Directors as Members of whom, two were Independent Directors and one was a Nominee Director.

The Committee met two times during the Financial Year 2016-17 on 25th May, 2016, and 27th March, 2017. Amitabha Ghosh chaired the meetings of the Committee.

The Company Secretary acts as the Secretary to the Committee. The composition of the Committee and the attendance of each Member at Meetings were as follows:

Members	No. of Meetings attended
Amitabha Ghosh	2
Kashi Prasad Khandelwal	2
Vinay Sah	1

The terms of reference of the Nomination and Remuneration Committee traverses the areas covered Regulation 19 of the LODR Regulations and Section 178 of the Act.

ii) The Nomination and Remuneration Policy:

This Policy formulated and recommended by the Committee to the Board was approved on 29th April, 2015. The Policy is attached as Annexure III to the Directors' Report.

The performance of individual Board Members, including Independent Directors was subject to peer evaluation during the Financial Year.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

i) Composition Names of Members and Chairman

As on 31st March, 2017, the Committee consisted of three Non-executive and one Executive Director as members.

The Committee met five times during the Financial Year 2016-17 on 25th May, 2016, 11th August, 2016, 9th November, 2016, 8th February, 2017 and 27th March, 2017. Amitabha Ghosh chaired these Meetings.

The Company Secretary acts as Secretary to the Committee. The composition of the Committee and the attendance of each Member at Meetings were as follows:

Members	No. of Meetings attended
Amitabha Ghosh	5
Vinay Sah	2
Kashi Prasad Khandelwal	5
Tridib Kumar Das	5

The terms of reference of the Committee cover all the areas as mentioned under Regulation 20 of the LODR Regulations and Section 178 of the Act.

ii) Shareholder complaints received and redressed during the Financial Year 2016-17:

Nature of Grievances	Complaints received from				Total complaints received during 2016-17	As a Chairman / Chairperson	No. of complaints outstanding as on 31 st March, 2017
	Investors directly	Stock Exchanges	SEBI "SCORES"	ROC			
Non-receipt of Dividend/ Interest/ Redemption Warrants/NECs	9	Nil	2	Nil	11	11	Nil
Non-receipt of Share / Debenture Certificate(s)	5	Nil	2	Nil	7	7	Nil
Non-receipt of Duplicate Share/ Debenture Certificate(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Demat related	1	Nil	Nil	Nil	1	1	Nil
Non-receipt of Annual Report	18	2	Nil	Nil	20	20	Nil
Status of Application lodged for Rights Issue	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Reason for Non-Allotment of Shares in Rights Issue	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Change of Name on Securities	7	2	Nil	Nil	9	9	Nil
TOTAL	40	4	4	Nil	48	48	Nil

iii) Details of outstanding shares in the Unclaimed Suspense Account:

Particulars	Total No. of Shareholders	No. of Outstanding Shares lying in Unclaimed Suspense Account
As on 1 st April, 2016	4,000	1,53,507
Shareholders who have approached the Company for transfer/delivery during 2016-17	18	1,528
Shares transferred/delivered during the year 2016-17	12	486
Shareholders who have approached the Company for transfer/ delivery pending compliance of verification process	06	1,042
Balance as on 31 st March, 2017	3,988	1,53,021

The voting rights on these outstanding shares in the Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares claim the shares.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As required under Section 135 of the Act, a Corporate Social Responsibility Committee was constituted on 29th April, 2014 and re-constituted with effect from 1st April, 2016 with Amitabha Ghosh, Tridib Kumar Das as Members and Manjushree Khaitan as the Chairperson. The terms of reference of this Committee are aligned with the requirements of Section 135 of the Act. The Committee met once during the Financial Year 2016-17 on 8th February, 2017. Amitabha Ghosh chaired the Meeting.

The Company Secretary acts as Secretary to the Committee. The composition of the Committee and the attendance of each Member at Meetings were as follows:

Members	No. of Meetings attended
Manjushree Khaitan	0
Amitabha Ghosh	1
Tridib Kumar Das	1

7. SEPARATE MEETING OF INDEPENDENT DIRECTORS

As per stipulations in Section VII of the Code for Independent Directors in Schedule IV of the Act and Regulation 25 of the LODR Regulations, a separate Meeting of the Company's Independent Directors was held on 8th February, 2017. All four Independent Directors attended the meeting.

8. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The familiarisation programme for Independent Directors is available on the website of the Company under the weblink: http://www.kesocorp.com/DOCS/management_corner.php#slide_6.

9. ANNUAL EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The annual evaluation exercise carried out by the Board during the year spanned its own performance, the performance of Board Committees as well as those of individual Directors.

This year's evaluation process adopted a methodology that deviated from conventional assessments and stressed on the ability of individual Board Members, the Board as a whole and each of its Committees to conceptualise sustainable growth strategies for the Company going forward. It was noted that important as routine Board tasks, like, for instance, ensuring legal compliances,

appraising financial results or, say, opening, closing and operating bank accounts were for the Company, the depth of each Board Member's competencies (including that of the Board as a whole as well as its Committees) came from his/her ability to comprehend and prepare the Company to effectively face the future.

The conclusion reached was that the performance of each Director as a member of the Board as well as Committees of the Board was satisfactory and all members had contributed in equal measure to the Company's governance process.

10. COMPLIANCE OFFICER

The Company Secretary is the Compliance Officer under Regulation 6 of the LODR Regulations, and other applicable SEBI Regulations and Rules.

11. GENERAL BODY MEETINGS

i) Details of last three AGMs

AGMs	Date of AGM	Location	Time
97 th AGM	28 th July, 2016	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017	11:00 A.M.
96 th AGM	12 th December, 2015	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017	11:00 A.M.
95 th AGM	8 th July, 2014	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017	11:00 A.M.

ii) Special Resolutions passed at previous three AGMs:

a) AGM held on 28th July, 2016:

One Special Resolution was proposed and passed viz. Appointment of Tridib Kumar Das as Whole-time Director and payment of remuneration for the period of three years effective 1st April, 2016 in terms of Sections 196, 197 and Schedule V of the Act read with Rules made thereunder.

b) AGM on 12th December, 2015:

Six Special Resolutions were proposed and passed as stated hereunder:

- Reappointment of Kamal Chand Jain as Whole-time Director and payment of remuneration for the period of one year effective 1st April, 2015 in terms of Sections 196, 197 and Schedule V of the Act read with Rules made thereunder.
- Appointment of Amolak Preet Singh, a non resident Indian, as Whole-time Director and payment of remuneration for the period commencing from 1st December, 2014 until 14th January, 2015 in terms of Sections 196, 197 and Schedule V of the Act read with Rules made thereunder.
- Payment of remuneration to Manjushree Khaitan, a Whole-time Director, for the period commencing from 1st April, 2015 to 4th February, 2018 in terms of Sections 196, 197 and Schedule V of the Act read with Rules made thereunder.
- Divestment of Company's entire investment in Cavendish Industries Limited, a material non-listed subsidiary company in terms of Clause 49(V) (F) of the Listing Agreement with Stock Exchanges.
- A new set of Memorandum of Association pursuant to Section 13 and other applicable provisions of the Act and Rules made thereunder.
- A new set of Articles of Association pursuant to Section 14 and other applicable provisions of the Act and Rules made thereunder.

c) AGM on 8th July, 2014:

One Special Resolution was proposed and passed viz. acceptance of deposits by the Company in compliance of the Act and Rules made thereunder.

iii) Postal Ballot: Pursuant to Section 108 and other applicable provisions of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, as amended, no postal ballots were held during 2016-17.

12. DISCLOSURE IN RELATION TO THE APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS

As required under Regulation 36(3) of the LODR Regulations, brief profiles of Manjushree Khaitan, Tridib Kumar Das and Vinay Sah are appended:

Manjushree Khaitan (Executive Vice Chairperson) DIN 00055898: aged 61 years, was appointed as a Director on 30th October, 1998. She was appointed as a Whole-time Director, designated as the Executive Vice Chairperson, for a period of five years with effect from 5th February, 2013. She holds a post-graduate degree in English Literature from Calcutta University and has attended Executive Development Programmes at the London Business School, U.K. and IMD, Switzerland. Further, as an industrialist, she has been associated with the chemicals industry, tea and coffee plantations and information technology sectors for more than 20 years. She is the Chairperson of Manjushree Plantations Limited. She is also a member of the board of governors of Birla Institute of Technology and Science, Pilani. In addition, she is closely associated with several educational and cultural trusts, including Birla Education Trust. She has more than 20 years of experience in plantations and various manufacturing units. She holds 7,20,158 shares in the Company.

Tridib Kumar Das (Whole-time Director) DIN 01063824: Tridib Kumar Das, (60) has been the Company's Chief Financial Officer since 29th April, 2014 and was appointed as a Whole-time Director of the Company effective 1st April, 2016. He is a Chartered Accountant and a Cost and Management Accountant. His experience time span is in excess of three decades through which he has gathered acumen in amongst other areas, finance, accounting, strategic planning, business analysis and business restructuring. He has been with Philips as part of its senior management team both in India as well as Amsterdam. His last position in Philips was as a Board Member of Philips Electronics India Limited. He is a Director of Aditya Marketing & Manufacturing Limited and PIC Realcon Limited. He has no shareholding in the Company.

Vinay Sah (Non-Executive, Nominee Director) DIN 02425847: Vinay Sah, aged 58 years, was appointed as a Director on 3rd November, 2011. He has been nominated by Life Insurance Corporation of India. He holds a masters degree in Statistics from Lucknow University, India. Presently, he is the Managing Director and Chief Executive Officer of LIC Housing Finance Limited. He is a Director in Life Insurance Corporation (LIC) of Bangladesh Limited. He has more than 30 years of experience in the fields of insurance and management. He holds no shares in the Company.

13. DISCLOSURES

1. The Audit Committee in its Meeting held on 8th August 2014 has approved the Related Party Transaction Policy which is placed on the website of the Company. The weblink is http://www.kesocorp.com/DOCS/management_corner.php#slide_5.
2. Transactions with Related Parties, as per requirements of Accounting Standard 18 in the prescribed format of Para A of Schedule V of the LODR Regulations are disclosed in the Notes to Accounts annexed to the Financial Statements. There are no materially significant transactions with Related Parties viz. Promoters, Directors or the Management or their relatives or Subsidiaries that had or could have potential conflict with the Company's interest. There were no Related Party Transactions in terms of Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, which required disclosure in Form AOC 2 as such the same does not form part of the Directors' Report.
3. The Company has complied with all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.
4. There are/were no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has or could have potential conflict with the interests of the Company at large.
5. The Company has complied with all requirements of the Listing Agreement as well as the Regulations and guidelines prescribed by the Securities and Exchange Board of India ("SEBI") for the Financial Year ended 31st March, 2017. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

6. The Company has in place a mechanism to inform Board Members about risk assessment and mitigation plans and periodical reviews to ensure that critical risks are controlled by the executive management. No Risk Management Committee has been constituted since this is not mandated for the Company under the LODR Regulations.
7. As on 31st March, 2017, the Company had a wholly-owned subsidiary- Cygnet Industries Limited. During the Financial Year, the Company had a material unlisted subsidiary – Cavendish Industries Limited. This Company ceased to be a subsidiary effective 13th April, 2016. The Policy on Material Subsidiaries is available on the Company's website for which the weblink is http://www.kesocorp.com/DOCS/management_corner.php#slide_5.
8. Independent Directors have confirmed to the Company that they meet the criteria of 'Independence' as stipulated under Regulation 16 (b) of the LODR Regulations.
9. The Company has adopted a Whistle Blower Policy that has been placed on the website of the Company at the weblink http://www.kesocorp.com/DOCS/management_corner.php#slide_5. The Policy contains guidelines to be followed by whistle blowers. No person has been denied access to the Audit Committee.
10. Commodity price risks and foreign exchange risks are hedged from time to time in accordance with a Board approved Hedging Policy.
11. The Company has complied with Corporate Governance Requirements specified in Regulations 17 to 27 and Regulation 46(2) (b) to (i) of the LODR Regulations.
12. The status of compliance with non-mandatory recommendations of the Part E of Schedule II of the LODR Regulations are provided below:
 - a) Non-Executive Chairman's Office: The Non-Executive Chairman maintains an office at the Company's Head Office.
 - b) Shareholders' Rights: As the quarterly and half yearly financial performance are submitted to the Stock Exchanges, published in the news papers and posted on the Company's website, these are not sent to shareholders separately.
 - c) Audit Qualifications: The Company's financial statements for the year 2016-17 does not contain any audit qualification.
 - d) Separate posts of Chairman and CEO: The Chairman of the Board is a Non executive Director and his position is separate from that of the CEO.
 - e) Reporting of Internal Auditor: The Internal Audit Team reports to the Audit Committee.

14. MEANS OF COMMUNICATION

i) Financial results, Annual Report etc.:

The quarterly Unaudited Financial Results and the Annual Audited Financial Results as approved and taken on record by the Board are sent to / filed with the Stock Exchanges where the Company's shares are listed and then published in various leading national newspapers, viz. Business Standard (English – all editions) and Dainik Statesman(Bengali edition). The Results are also posted on the Company's website www.kesocorp.com. All official releases and other related information are also displayed on this website.

The quarterly Unaudited Financial Results and the Annual Financial Results along with the Report on Segment Revenue, Results and Capital Employed, Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditor's Report, Cash Flow Statement, Corporate Governance Report, Management Discussion and Analysis and Shareholding Pattern etc. can also be accessed by investors from the Company's website www.kesocorp.com.

ii) Management Discussion and Analysis

The Management Discussion and Analysis, as reviewed by the Audit Committee, is part of this Annual Report.

15. GENERAL SHAREHOLDER INFORMATION

- Next AGM

Time	11.00 AM.
Day	Thursday
Date	29 th June, 2017
Venue	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700 017

- The Company's Financial Year

The financial year of the Company is from 1st April to 31st March.

- Date of Book Closure

23rd June, 2017 to 29th June, 2017 (both days inclusive)

- Stock Exchange related information

- a) Listing on Stock Exchanges*

Equity Shares	BSE Limited("BSE"), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001
	National Stock Exchange of India Limited ("NSE"), Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai-400 051
	The Calcutta Stock Exchange Limited ("CSE"), 7, Lyons Range, Kolkata-700 001
	Societe de la Bourse de Luxembourg, Societe Anonyme/R.C.B. 6222, B.P.165, L-2013 Luxembourg (for GDRs)

- b) Codes:

Equity Shares	
BSE	502937
NSE	KESORAMIND
CSE	10000020
Luxembourg Stock Exchange	US4925322053

There are no arrears in payment of Listing Fees.

- c) ISIN No. for the Company's Listed Securities*

Equity Shares	
Equity Shares in Demat Form	INE087A01019
Global Depository Receipts	US4925322053

* Secured Non Convertible Debentures (privately placed) having ISIN No. INE087A07644 and listed on BSE have been fully redeemed on 13.04.2016.

- d) Depository Connectivity: National Securities Depository Limited and Central Depository Services (India) Limited.

e) Stock Market Price Data:

₹/Share

Month	BSE Sensex Close	Share Price		
		High	Low	Close
April, 16	25,606.62	125.00	102.10	116.70
May, 16	26,667.96	121.10	105.00	111.00
June, 16	26,999.72	138.30	108.05	133.35
July, 16	28,051.86	153.00	130.60	142.65
August, 16	28,452.17	152.25	126.80	145.75
September, 16	27,865.96	184.00	140.80	174.95
October, 16	27,930.21	201.60	165.50	175.50
November, 16	26,652.81	184.70	118.05	143.80
December, 16	26,626.46	146.40	117.95	124.55
January, 17	27,655.96	148.30	125.80	137.65
February, 17	28,743.32	158.10	134.35	137.65
March, 17	29,620.50	153.25	136.25	143.30

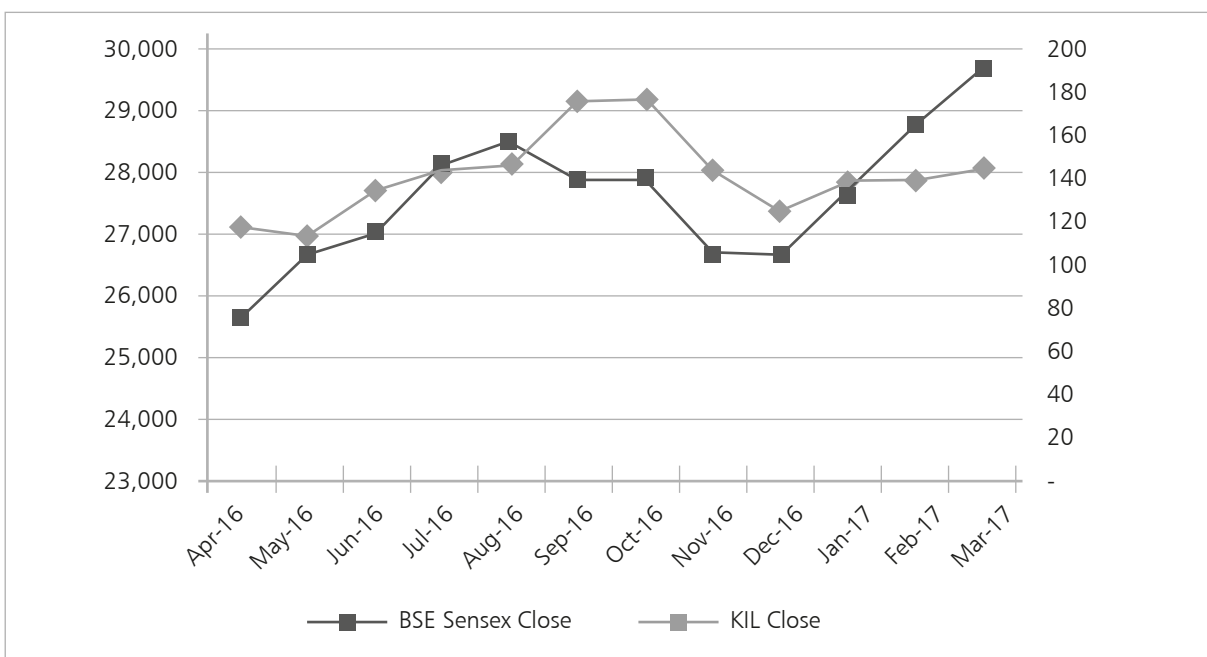
₹/Share

Month	NSE Nifty Close	Share Price		
		High	Low	Close
April, 16	7,849.80	125.00	102.00	116.85
May, 16	8,160.10	121.25	105.40	111.25
June, 16	8,287.75	138.40	107.80	133.25
July, 16	8,638.50	152.85	130.25	142.65
August, 16	8,786.20	152.40	126.80	146.10
September, 16	8,611.15	183.90	140.60	175.50
October, 16	8,625.70	201.25	165.10	174.80
November, 16	8,224.50	185.00	117.85	144.10
December, 16	8,185.80	146.20	117.45	124.35
January, 17	8,561.30	148.20	124.90	137.25
February, 17	8,879.60	158.20	134.25	137.40
March, 17	9,173.75	153.50	136.50	142.85

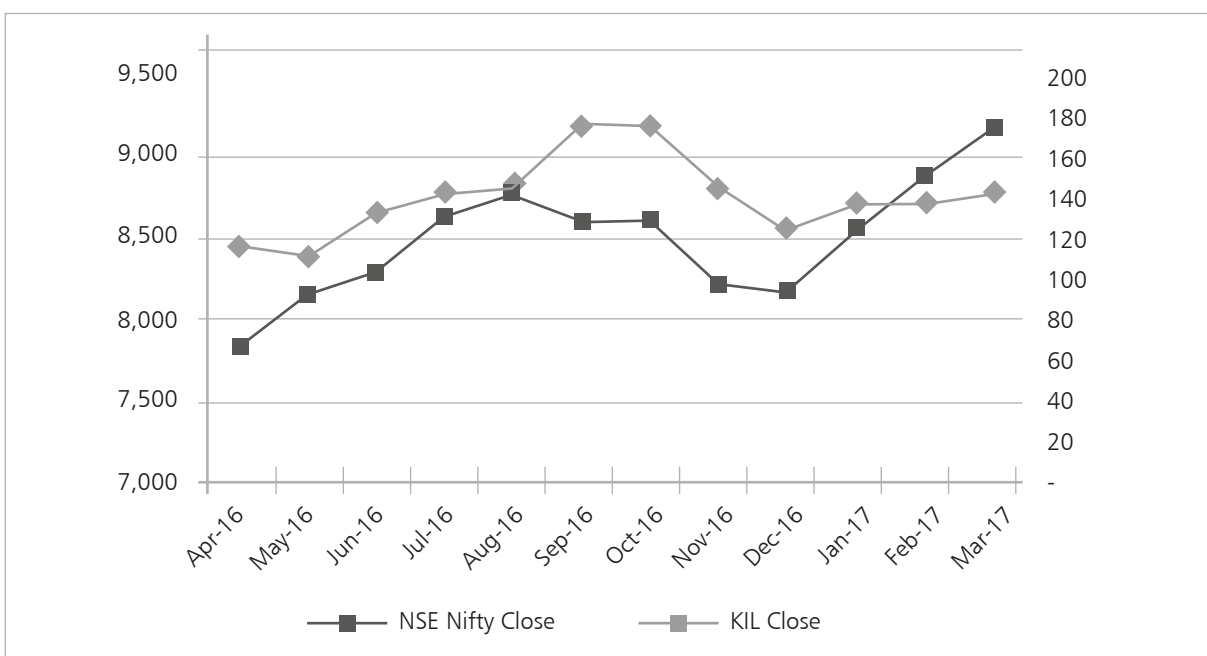
During the year there was no trading on The Calcutta Stock Exchange Ltd as well as Societe de la Bourse de Luxembourg.

f) Performance in comparison to broad based indices such as BSE SENSEX and NSE NIFTY

Kesoram Industries Limited (KIL) Share Price on BSE vis-a-vis BSE Sensex (2016-17)



Kesoram Industries Limited (KIL) Share Price on NSE vis-a-vis NSE Nifty (2016-17)



g) Registrar and Share Transfer Agent:

MCS Share Transfer Agent Limited
(Unit: Kesoram Industries Ltd.)
12/1/5, Manoharpukur Road, Kolkata -700 026
Phone Nos.: +91 33 40724051 to 54
Fax No.: +91 33 40724050
E-mail : mcssta@rediffmail.com

h) Share Transfer System

Subject to documentation being in order, transfer requests of Equity Shares in the physical form lodged with the Share Department of the Company/Registrar and Share Transfer Agent are processed no later than fifteen days from the date of receipt. Individual share transfer requests in physical form are dealt with and approved at the level of Company Executives.

i) Distribution of shareholding as on 31st March, 2017

(a) According to category of holding:

Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Promoters	17	0.02	5,80,04,989	49.46
Mutual Funds / UTI	11	0.01	2,22,561	0.19
Financial Institutions & Banks	45	0.05	15,14,827	1.29
Foreign Institutional Investors	17	0.02	57,94,401	4.94
Insurance Companies	5	0.01	42,12,546	3.59
NRI/OCB's/Foreign Companies	738	0.82	44,92,218	3.83
Enemy Property	37	0.04	8,099	0.01
Private Body Corporates/Trust	1,244	1.39	94,07,992	8.02
Individuals	87,647	97.64	2,64,16,121	22.53
Unclaimed Suspense A/c	1	0.00	1,53,021	0.13
GDRs	1	0.00	70,41,875	6.01
Total	89,763	100.00	11,72,68,650	100.00

(b) According to the number of Equity Shares held:

No. of Equity Shares held	No. of Shareholders	% of Shareholder	No. of Shares	% of Shares
1-100	65,732	73.23	22,29,307	1.90
101-200	8,347	9.30	13,75,708	1.17
201-500	8,292	9.24	30,12,393	2.57
501-1000	3,549	3.95	28,97,249	2.47
1001-5000	3,058	3.41	69,28,933	5.91
5001-10000	403	0.45	29,79,459	2.54
10001 and above	382	0.42	9,78,45,601	83.44
Total	89,763	100.00	11,72,68,650	100.00

j) Dematerialisation and Rematerialisation

Requests for Dematerialisation and Rematerialisation should be sent either to the Company's Registrar and Share Transfer Agent or to the Share Department at Birla Building, 8th Floor, 9/1 R N Mukherjee, Road, Kolkata-700 001.

k) Dematerialisation of shareholding

The Company's Equity Shares are compulsorily traded in the dematerialisation form 11,58,90,862 Equity Shares of the Company representing 98.82% of the total Equity Shares issued were held in dematerialised form as on 31st March, 2017. Investors have an option to dematerialise their Equity Shares either with National Securities Depository Limited or Central Depository Services (India) Limited.

l) Outstanding GDRs

70,41,875 Equity shares of the Company were held as Global Depository Receipts as on 31st March, 2017.

m) Insider Trading

The Code of Internal Procedure & Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 2015, has been effective 15th May, 2015 and the Company has implemented the same.

n) Plant Locations

Section	Factory Location	City Office	Run under name & style of
Cement	Sedam, Dist. Gulbarga Karnataka-585 222 Phone: +91-8441-276005/276391/277403 Fax: +91-8441-276139 E-mail: communication@vasavadattacement.com Storage and Packing Unit : T-3 MIDC Chincholi, Taluk: Mohal Solapur-413255, Maharashtra State	613 to 616, White House, Block III, 6 th Floor, 6-3-1192/1/1, Kundanbagh, Begumpet, Hyderabad - 500 016 Phone : +91-40-43344555 Fax: +91-40-43344534	Vasavadatta Cement
	Basantnagar, Dist. Karimnagar Telengana-505 187 Phone : +91-8728 -228152/228121 Fax: +91-8728-228160 E-mail: communication@kesoramcement.com	613 to 616, White House, Block III, 6 th Floor, 6-3-1192/1/1, Kundanbagh, Begumpet, Hyderabad – 500 016 Phone : +91-40-43344555 Fax: +91-40-43344534	Kesoram Cement
Automobile Tyres and Tubes	At/P.O. Chhanpur, Via. Kuruda, Dist. Balasore, Odisha, Pin-756 056 Phone: +91-6782-255259/780/620 Fax: +91-6782-255225 E-mail: btbls@birlatyres.org	7 th Floor, Birla Building 9/1, R. N. Mukherjee Road Kolkata-700 001 Phone: +91-33-2262 4411-13, +91-33-22624355-57 Fax: +91-33-2262 4359 E-mail: ho@birlatyre.com	Birla Tyres

o) Address for Correspondence
(a) For routine matters:

Any assistance regarding share transfer and transmission, change of address, non-receipt of dividend, duplicate/missing Share Certificate, demat and other matters, investors are welcome to get in touch with the Share Department of the Company at the address given below:

Kesoram Industries Limited
8th Floor, Birla Building,
9/1, R. N. Mukherjee Road, Kolkata-700 001
Phone No.: +91-33-22101545
Fax No. : +91-33-22109455
E-mail :sharedepartment@kesoram.net

Or

Registrar and Share Transfer Agent:

M/s. MCS Share Transfer Agent Limited
(Unit: Kesoram Industries Ltd.)
12/1/5, Manoharpukur Road, Kolkata 700 026
Phone Nos.: +91 33 40724051 to 4054
Fax No.: +91 33 40724050
E-mail: mcssta@rediffmail.com

For Redressal of Complaints and Grievances:

The Company Secretary
Kesoram Industries Limited
8th Floor, Birla Building
9/1 R. N. Mukherjee Road
Kolkata-700001.
Telephone Nos. : +91 33 22435453/22429454/22135121
Fax No. : +91 33 22109455
E-mail: corporate@kesoram.net

16. CERTIFICATE FROM CHIEF EXECUTIVE OFFICER, (CEO) AND CHIEF FINANCIAL OFFICER (CFO)

A Certificate has been issued by the CFO as required under Regulation 17(8) of the LODR Regulations.

17. COMPLIANCE CERTIFICATE FROM A PRACTISING COMPANY SECRETARY

The Company has obtained a Certificate from a practising Company Secretary confirming that it is in compliance with the conditions of Corporate Governance as stipulated in Para C of the Schedule V of the LODR Regulations.

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Director

Tridib Kumar Das
*Whole-time Director &
Chief Financial Officer*

Place: Kolkata
Date: 28th April, 2017

Gautam Ganguli
Company Secretary

DECLARATION

All Board Members and Senior Management Personnel have affirmed their compliance of the 'Code of Conduct for Members of the Board and Senior Management' for the period from 1st April, 2016 to 31st March, 2017 in terms of Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For Kesoram Industries Limited

Tridib Kumar Das

Whole-time Director & Chief Financial Officer

Place: Kolkata

Dated: 28th April, 2017

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of
Kesoram Industries Limited

We have examined all relevant records of Kesoram Industries Limited for the purpose of certifying compliance of the conditions of Corporate Governance as per Para C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with Regulation 34(2) of the said Listing Regulations (Hereinafter, collectively referred to as the Listing Regulations) for the Financial Year ended on 31st March, 2017. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to the procedure and implementation thereof and was carried out in accordance with the Guidance Note on Corporate Governance Certificate issued by the Institute of Company Secretaries of India. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced and explanations furnished, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

CS Kamal Kumar Sharma

Company Secretaries

Certificate of Practice No.4057

Membership No.FCS 3337

Date: 28th April, 2017

Kolkata

NOMINATION AND REMUNERATION POLICY

The Board of Directors of Kesoram Industries Limited (“the Company”) constituted a Nomination and Remuneration Committee” at the Meeting held on 29th April, 2014 consisting of three (3) Non-Executive Directors, all of whom are Independent Directors and one Executive Director. In compliance with the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as on 31st March, 2016 the Nomination and Remuneration Committee consists of three (3) members all of whom are Non-Executive and two of them are Independent Directors.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy will be in compliance with Section 178 of the Companies Act, 2013 together with the applicable rules thereto and Clause 49 of the Listing Agreement.

The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and other Senior Management Personnel one level below the Board.
- 1.2. To evaluate the performance of Board Members on the criteria decided.
- 1.3. To recommend to the Board on remuneration payable to Directors, Key Managerial Personnel and Senior Management.
- 1.4. To ensure that Key Managerial Personnel and Senior Management Personnel one level below the KMPs are remunerated based upon their efforts, performance, dedication and achievement relating to the Company’s operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons.
- 1.6. To devise a policy on Board diversity.
- 1.7. To evolve an evaluation process and develop a succession plan for the Board.

2. DEFINITIONS

- 2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. **Board** means the Board of Directors of the Company.
- 2.3. **Directors** mean Directors constituting the Board of the Company.
- 2.4. **Key Managerial Personnel (KMPs).**
 - 2.4.1. Chief Executive Officer or the Managing Director or the Manager under the Act.
 - 2.4.2. Whole-time Director;
 - 2.4.3. Chief Financial Officer;
 - 2.4.4. Company Secretary; and
 - 2.4.5. Such other officer as may be prescribed by law.
- 2.5. **Senior Management Personnel** means personnel only those who are members of its core management team placed one level below the KMPs including the Chief Operating Officer.

3. ROLE OF THE COMMITTEE

The role of the Committee *inter alia* will be the following:

- 3.1 To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
- 3.2 To recommend to the Board the appointment and removal of Key Managerial Personnel and other Members of the Senior Management one level below the KMPs.

- 3.3 To carry out evaluation of Director's performance and recommend to the Board his/her re-appointment/removal based on his/her performance.
- 3.4 To formulate, if so required, a policy relating to remuneration of Directors, Key Managerial Personnel and other Senior Management one level below the KMPs.
- 3.5 To ensure that the level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 3.6 To devise a policy on Board diversity.
- 3.7 To develop a succession plan for the Board.

4. MEMBERSHIP

- 4.1 The Committee shall consist of at least three Directors, two of whom should be Independent Directors.
- 4.2 Minimum two (2) members shall constitute a quorum for a Committee Meeting. However, Meetings can be conducted by circulation as well as through tele-conferencing. Meeting can be held as and when necessary.
- 4.3 Committee Members will continue in office at the discretion of the Board.

5. CHAIRMAN

- 5.1 The Chairman of the Committee shall be an Independent Director appointed by the Board.
- 5.2 In the absence of the Chairman, Members of the Committee present at a Meeting shall choose one amongst them to act as Chairman.

6. COMMITTEE MEMBERS' INTEREST

- 6.1 A Member of the Committee is not entitled to be present when his or her own remuneration is discussed or when his or her performance is being evaluated.
- 6.2 The Committee may invite such Executives, as it considers appropriate, to be present at meetings of the Committee.

7. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

8. VOTING

- 8.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 8.2 In the case of equality of votes, the Chairman of the Meeting will have a casting vote.

9. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters will include:

- 9.1 Ensuring that there is an appropriate induction in place for new Directors, Key Managerial Personnel and other Members of Senior Management one level below the KMPs.
- 9.2 Ensuring that on appointment to the Board, Non-Executive Independent Directors receive a formal letter of appointment in accordance with the Act.
- 9.3 Determining an appropriate size, diversity and composition of the Board.
- 9.4 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- 9.5 Developing a succession plan for the Board, Key Managerial Personnel and other Members of Senior Management one level below the KMPs.

- 9.6 Evaluating the performance of Board Members, Key Managerial Personnel and other Senior Management Members one level below the KMPs in the context of the Company's performance.
- 9.7 Delegating any of its powers to one or more of its members or to the Secretary of the Committee.
- 9.8 Recommend any necessary changes to the Board and
- 9.9 Considering any other matter that may be referred to it by the Board.

10. REMUNERATION DUTIES

Duties of the Committee in relation to remuneration matters will include:

- 10.1 To consider and determine a rational Remuneration Policy, based on performance and bearing in mind the fact that remuneration should be reasonable and sufficient to attract, retain and motivate Members of the Board as well as those constituting the Senior Management and such other factors as the Committee may deem appropriate.
- 10.2 To approve the remuneration of Directors, Key Managerial Personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company. The remuneration of other Senior Management Personnel one level below the KMPs would be decided by the Key Managerial Personnel team.
- 10.3 To ensure that the Company has in place a professional indemnity and liability insurance for Directors and Key Managerial Personnel.

11. CRITERIA FOR APPOINTMENT AND QUALIFICATIONS

- 11.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- 11.2 A person should possess adequate qualification, expertise and experience for the position before he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/satisfactory for the position concerned.
- 11.3 The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the Notice for such motion indicating the justification for extension of appointment beyond seventy years.

12. Evaluation Criteria

- 12.1 The Committee shall carry out evaluation of performance of every Director at regular intervals.
- 12.2 The Committee shall evaluate the performance of Non-Executive / Independent Directors through a peer evaluation process at least once every year. Each Board Member will evaluate Board Member based on select performance indicators. On the basis of performance, other evaluation, the Board will decide whether to extend the term of appointment of an Independent Director.
- 12.3 Independent Directors have three key roles, namely governance, control and guidance. Performance indicator of independent directors will include *inter alia*, acumen, ability to strategise, competence in marrying plurality of views and the capability of functions in an uncertain operating environment.

On behalf of the Board

Kashi Prasad Khandelwal
Director

Tridib Kumar Das
Whole-time Director & Chief Financial Officer

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

The Company fully recognises its commitment to the fulfillment of its social responsibilities. Programmes to benefit society in general and those living in the vicinity of its facilities in particular have been consistently implemented over the years. In so doing, the Company has been faithfully following and implementing the vision of its Chairman, Basant Kumar Birla, who instilled in the Company the consciousness of being responsive to the needs of the less privileged. Such observance has been Company Policy for decades much before statutory mandates were even thought of. Although, under the provisions of Section 135(5) of the Companies Act, 2013, the Company need not statutorily spend on CSR activities since the average net profit of the last three years is negative, the Company's CSR schemes primarily focusses on activities that benefit the less privileged in the society.

The Company's CSR Policy has been hosted on the Company's website and the web link is:
<https://www.kesocorp.com/DOCS/pdf/mgc/kesoram-CSR-Policy-27042015.pdf>

2. The composition of the CSR Committee: The Committee is chaired by Manjushree Khaitan with Amitabha Ghosh and Tridib Kumar Das as Members.

3. Average net profit of the company for last three financial years:

Particulars	Last three financial years (₹/crores)			Average Net Profit/(Loss) for calculating CSR expenditure (₹/crores)
	2015-16	2014-15	2013-14	
Net Profit (Loss)*	133.22	(371.05)	(521.31)	(253.05)

* Dividend income of ₹3.90 crores, ₹4.37 crores and ₹5.76 crores for the financial years 2015-16, 2014-15 and 2013-14 respectively have been deducted from the net profits of the respective financial years in terms of the proviso to Clause (ii) to Rule 2(f) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): As will be evident from the above that the Company has made losses during the financial years 2014-15 & 2013-14. And the average net profit for the last three financial years is negative. In view of the above, no CSR expenditure during the Financial Year 2016-17 is mandated.
5. Details of CSR spent during the Financial Year:
 - (a) Total amount to be spent for the Financial Year: Nil
 - (b) Amount unspent, if any: Not Applicable

(c) Manner in which the amount spent during the Financial Year is detailed below:

Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (i) Local area or others; (ii) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to to the reporting period	Amount spent : Direct or through implementing agency
1	2	3	4	5	6	7	8

Not Applicable for Financial year under review

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: **Not Applicable**
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company: **The implementation and monitoring of CSR Policy is in compliance/ will be in compliance with CSR objectives and Policy of the company.**

For and on behalf of the Board of Directors

Place: Kolkata
Date: 28th April, 2017

Tridib Kumar Das
Whole-time Director
& Chief Financial Officer

Manjushree Khaitan
Chairperson of CSR Committee

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statements of subsidiaries / associate companies / joint ventures

Part "A": Subsidiaries

(₹ in crores)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Cygnnet Industries Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31 st March, 2017
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Indian Rupee
4.	Share capital	30.05
5.	Reserves & surplus	(109.41)
6.	Total assets	566.08
7.	Total Liabilities	566.08
8.	Investments	Nil
9.	Turnover	201.01
10.	Profit before taxation	(109.25)
11.	Provision for taxation	Nil
12.	Profit after taxation	(109.25)
13.	Proposed Dividend	Nil
14.	% of shareholding	100.00

Notes:

1. Cygnnet Industries Limited is a Wholly-owned Subsidiary of Kesoram Industries Limited w.e.f. 7th May, 2016.
2. Cavendish Industries Limited, a Material Unlisted Subsidiary, which ceased to be a subsidiary effective 13th April, 2016, was sold to the JK Tyre Group.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in crores)

Name of Associates / Joint Ventures	Gondkhari Coal Mining Limited
1. Latest audited Balance Sheet Date	31 st March, 2016
2. Shares of Associates / Joint Ventures held by the company on the year end	
a. Number	22,730
b. Amount of Investment in Associates / Joint Venture	0.02
c. Extent of Holding%	45.46
3. Description of how there is significant influence	Joint Venture
4. Reason why the associate/joint venture is not consolidated	In view of the provisions of Paragraph 38 of AS 27, consolidation of the Financial Statements of the Joint Venture Company as at 31 st March, 2017 are not mandated.
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(0.80)
6. Profit/Loss for the year	(0.03)
a. Considered in Consolidation	-
b. Not Considered in Consolidation	(0.03)

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Director

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Place: Kolkata
Date: 28th April, 2017

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

TO,
THE MEMBERS,
KESORAM INDUSTRIES LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **KESORAM INDUSTRIES LIMITED (CIN: L17119WB1919PLC003429)** (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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31ST MARCH, 2017** 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, 2017** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (NOT APPLICABLE TO THE COMPANY DURING THE PERIOD UNDER AUDIT)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (NOT APPLICABLE TO THE COMPANY DURING THE PERIOD UNDER AUDIT)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (NOT APPLICABLE TO THE COMPANY DURING THE PERIOD UNDER AUDIT)
 - (f) 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;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (NOT APPLICABLE TO THE COMPANY DURING THE PERIOD UNDER AUDIT)

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (NOT APPLICABLE TO THE COMPANY DURING THE PERIOD UNDER AUDIT) and

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

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

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

I further report that

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.

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.

We have relied on the representation made by the Company, its Officers and Reports of the Statutory Auditors for systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company as listed in **Annexure I**.

I further report that vide Board Resolution dated 25.05.2016 authority was granted to issue commercial paper in the form of Usance Promissory note(s) and/ or in the form of any other instrument/ document upto a face value of ₹600 crores with a maturity period not exceeding 364 days in one or more tranches in denominations of ₹5 lakhs or multiples to investor(s) including without limitation Scheduled Bank & Foreign Institutional Investors on terms and conditions agreed between the Issuing & Paying Agent (IPA) and the Company. As on 31st March, 2017 such outstanding borrowing was ₹49,17,01,500 (Face Value) and ₹500,000,000 (redemption value).

Place: KOLKATA

Date: 25.04.2017

SALIL BANERJEE

FCS 2288 CP 1140

This report should be read with my letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'ANNEXURE I'

The List of Various Applicable Laws to the Company

1. Employees' Provident Fund Act, 1952 and Rules,
2. Payment of Gratuity Act, 1972,
3. Apprentices Act, 1961,
4. Contract Labour (R&A) Act, 1970,
5. Employees State Insurance Act, 1948,
6. Employees Provident Fund & Misc Provision Act, 1952,
7. Minimum Wages Act, 1948,
8. Payment of Bonus Act, 1965,
9. Central Excise Act and Rules including CENVAT Rules,
10. West Bengal Shops and Establishments Act and Rules,
11. The West Bengal State Tax On Professions, Trades, Callings And Employments Act & Rules,
12. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013,
13. Water (Prevention & Control of Pollution) Act, 1974,
14. Water (Prevention & Control of Pollution) Cess Act and Rules,
15. Payment Of Wages Act, 1936,
16. The West Bengal Tax On Entry Of Goods Into Local Areas Act And Rules,
17. West Bengal Value Added Tax Act and Rules,
18. The Industrial Employment (Standing Orders) Act, 1946,
19. Central Sales Tax Act,
20. Finance Act, 1994,
21. The Factories Act, 1948,
22. The Equal Remuneration Act, 1976,
23. Workmen's Compensation Act, 1923 & Rules,
24. The Maternity Benefit Act, 1961 and
25. The Negotiable Instrument Act, 1881.

'ANNEXURE A'

TO,
THE MEMBERS,
KESORAM INDUSTRIES LIMITED

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

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

Place: KOLKATA
Date: 25.04.2017

SALIL BANERJEE
FCS 2288 CP 1140

Details as required under Sections 134(3)(q) and 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended, for the year ended 31st March, 2017.

Sl. No.	Requirement	Details
(i)	The ratio of the remuneration of each Director to the median of remuneration of employees of the Company for the Financial Year.	Basant Kumar Birla - 0.59 : 1 Manjushree Khaitan - 51.39 : 1 Amitabha Ghosh - 3.99 : 1 Vinay Sah - 1.52 : 1 Kashi Prasad Khandelwal - 2.76 : 1 Sudip Banerjee - 2.76 : 1 Lee Seow Chuan - 3.39 : 1 Tridib Kumar Das - 121.38 : 1
(ii)	The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in Financial Year.	Directors : Basant Kumar Birla - (-) 20.00 Manjushree Khaitan - (-) 0.54 Amitabha Ghosh - 56.32 Vinay Sah - (-) 50.48 Kashi Prasad Khandelwal - (-) 20.72 Sudip Banerjee - (-) 34.04 Lee Seow Chuan - (-) 11.11 Tridib Kumar Das - 27.48 * Key Managerial Personnel : Tridib Kumar Das, - 27.48 * Gautam Ganguli, CS - 22.09 Enrico Malerba, CBO **
(iii)	The percentage increase in median remuneration of employees in the Financial Year.	12.17%
(iv)	The number of permanent employees on the rolls of Company.	5,717 employees as on 31.03.2017 ***
(v)	a) Average percentile increase already made in salaries of employees other than the managerial personnel in the last Financial Year	(-)11.34%
	b) Its comparison with the percentile increase in the managerial remuneration.	(-)8.16%
	c) Justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Increase in remuneration granted is based <i>inter alia</i> on an overall appraisal of talent brought to the table, Company's business interests, industry standards and the applicable regulatory framework. The number of Key Managerial Personnel in receipt of remuneration from the Company reduced during the Financial Year 2016-17.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

* Tridib Kumar Das is a Whole-time Director as well as the Chief Financial Officer of the Company.

** Enrico Malerba Chief Business Officer was in service for a year. His remuneration has therefore, not been considered for the percentage calculation.

*** 2,725 employees of Rayon business considered for calculation of median remuneration for the Financial Year ended 31.03.2016 are no more part of the median remuneration calculated for the Financial Year ended 31.03.2017 as the Rayon business was transferred to a wholly owned subsidiary, effective 01.04.2016.

Kashi Prasad Khandelwal
Director

On behalf of the Board
Tridib Kumar Das
Whole-time Director & Chief Financial Officer

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND EXCHANGE EARNINGS AND OUTGO

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Account) Rules, 2014]

A. CONSERVATION OF ENERGY:

i) Steps taken or impact on conservation of energy:

The following measures have been taken by the two Businesses in relation to conservation of energy.

Cement

To reduce auxiliary power consumption in TPH, condenser PIDΔT logic in DCS in auto mode is developed so that the drive will be lower/higher the CWP speed as per requirement. For trouble - free operation, lighting timer is given in DCS which energizes an electrical contractor to switch ON the lighting supply in evening and de-energizes in the morning. Packing plant MCC-2, power factor is improved from 0.59 to 0.82 by adding spare 100KVAR capacitor bank thereby resulting in power saving. A suitable VVVF (Spare) drive is installed to TG house air washer fan for regulating speed as per Ambient Air conditions thereby reducing auxiliary power consumption. As per TSNPDCL regulation, minimum utilization of grid power is 2,40,000 units per month. So, during single Kiln running, the maximum grid power between 10:00PM and 6:00AM (Non-peak hours) is utilized. Optimization of Kiln-1, K-line RABH Reverse Air Fan speed to avoid idle running thereby reducing power consumption. In Packing Plant, Unit-4 bucket elevator Inching motor idle running is avoided by separating remote from the existing junction box to save power consumption. Limestone Tertiary Crusher dust collector fan is provided with VVVF drive by removing damper thereby reducing power consumption.

Optimisation of compressor air at Hopper Feeding area (Raw Mill 1 & 2). Replacement of conventional light fittings with Energy saving LED Light fittings has been done. Optimisation of U - 3 & 4 Fly ash silo aeration blowers done. Optimisation of packing plant 3 & 2 compressor air consumption done. Improved performance of the air dryer in packing plant-1 done. Removal of unwanted Bag filters has been done as required. Interconnection of Unit-3&4 instrument air header at power plant done. Stage blinding of Unit-2 Boiler feed pump. Fan inlet Dampers removed to reduce Pressure drops. Unit-4 Cooler ESP TR sets upgrade to reduce energy.

Tyre

The factory roof has been partially changed from a CGI sheet to a PUF insulated sheet with provision for penetration of sunlight between two sheets. This has reduced the requirement of lights during the day time besides reducing the penetration of heat in the factory. In machines needing focussed light there is a shift from halogen to laser guided lights. In the final finish & trimming areas, tube lights have been replaced with LED lights.

ii) Steps taken by the Company for utilising alternate sources of energy

Cement

During the Financial Year 2016-17, Fly Ash injection in the blended of cement operation has been increased from 34.00 % to 35.00%. The Business continues to maximise to the extent possible. The use of hazardous waste as alternative fuel.

Tyre

None

iii) Capital investment on energy conservation equipment

Cement

₹2.40 crores

Tyre

₹0.40 crores

B. TECHNOLOGY ABSORPTION:

i) Efforts made towards technology absorption

Cement

Retrofitting of latest version controllers (Vento Digit -IV) for Electric packer machines. Upgradation of Digital AVR in place of existing analogue AVR. Conversion of Kiln-1 preheater C-line ESP to bag house. Conversion of Kiln-2 preheater ESP to bag house.

For Waste heat Recovery System, feasibility analysis is being done. For feeding Bed Ash of CPP in Kiln cooler, trials done successfully.

Tyre

Adaptation of Tyre Simulation Technology in Passenger Car Radial (PCR) Tyre design. Use of Tyre Noise analysis software to further lessen PCR tyre noise. Endless protective ply technology in PCR for high speed Capability and better tyre uniformity. High Wet and Dry Traction PCR tyre Tread for better safety. 3D sipes in PCR tread for better road grip and uniform tyre wear. Pre-cured Bead Bundle in Truck Bus Radial (TBR) tyre for higher Load Carrying. Tubeless wide tread Motor Cycle and Scooter Tyre for better safety and performance. New 4 Steel Belt TBR Tyre Technology development and industrialisation.

ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

Cement

The Existing Raw Mill-1, O-Sepa HT fan bearing wornout portion on shaft has been modified by providing 7.5mm thick sleeves at both ends to perfectly gel with the bearings. Mines IBH-IR No-1A, Drill rotary head gear box worn-out machined to suitable size by building material and gear box assembled with new bearings and seals thereby avoiding new procurement. Mines Loader No-2 steering pump drive gear splines got wornout, the same was collected from scrapped steering pump and installed in the failed pump and commissioned thereby avoiding new procurement. In Kiln-2, there is an upgradation of DCS system with latest version and made a cable laying plan, such that the existing cables were reused without going for new cables. BEML Dozer D155 engine was replaced with old and serviceable KT1150 Cummins Engine. Limestone Tertiary Crusher hammers movement on its arms is improved by modifying the hammer design, thereby avoided arms failure. In TPH boiler, convection zone coils were provided with sacrificial SS shields to avoid coils damage due to direct exposing of Flue gases to avoid TPH unplanned stoppage.

Reduction in power consumption in the manufacturing process. Power cost per Kwh will reduce after installation of Waste Heat Recovery System.

Tyre

Bias tyre weight reduction to reduce cost and improve performance. Weight Reduction and Re-engineering of Off-the-road (OTR) tyre to improve tyre durability. Cost reduction of 2/3 wheeler tyre tread compound as well as improved traction for safety. Development of 23 numbers high performance tubeless scooter and motor cycle tyre. Six Number of TBR tyres were designed, produced and marketed this year. Ten number of Premium Bias Tyre "Platina" were launched in the market. Use of 5% Recycled Material (Crumb & Reclaim Rubber) for environmental protection. Use more domestic synthetic rubber to reduce import. Development of 5 numbers 3 wheeler tyre with high load carrying capacity. Twenty four numbers of Passenger, SUV and Van tyre were designed for new PCR plant.

- iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year):
- (a) **Details of technology imported**
No technology was imported during the last three years by the Company except for Ten number of high and Ultra High Performance Passenger Car Radial design; 3 Sport Utility Vehicle (SUV) and 2 Van tyre Design which were received from Asia Tech Consulting, Singapore in this Financial Year by Tyre Business.
- (b) **Year of import**
The technology was imported in the Financial Year 2016-17.
- (c) **Whether the technology has been fully absorbed**
Mould Cavity design and Tyre Structure were received and absorbed.
- (d) **If not fully absorbed, areas where absorption has not taken place, and the reasons thereof**
Industrialization is pending. It will be taken once plant is ready for production in 2017-18.
- iv) **Expenditure incurred on Research & Development:**
- Cement**
₹5.45 crores
- Tyre**
₹5.87 crores

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

₹/crores

	2016-17	2015-2016
Foreign exchange earned (F.O.B basis)	180.77	165.31
Foreign exchange outflow	510.06	475.52

On behalf of the Board

Kashi Prasad Khandelwal
Director

Tridib Kumar Das
Whole-time Director & Chief Financial Officer

FORM NO MGT-9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS

(i)	CIN	L17119WB1919PLC003429
(ii)	Registration Date	18 th October, 1919
(iii)	Name of the Company	KESORAM INDUSTRIES LIMITED
(iv)	Category/Sub-Category of the Company	Public Company
(v)	Address of the Registered Office and contact details	9/1, R.N. Mukherjee Road, Kolkata 700001. Phone: +91 33 22429454/22435453 Fax: +91 33 2210 9455 E-Mail: corporate@kesoram.net
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	MCS Share Transfer Agent Limited 12/1/5, Manoharpukur Road, Kolkata 700026 Phone: +91 33 40724051 to 4053, Fax: +91 33 40724050 E-Mail: mcssta@rediffmail.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Tyres & Tubes	22111	41.07
2	Cement	23942	58.69

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary/ Associates	% of Shares held	Applicable Section
1	Cavendish Industries Limited* 8 th floor, Birla Building, 9/1, R. N. Mukherjee Road, Kolkata 700 001	U74900WB2015PLC204899	Subsidiary	99.99	2(87)
2	Cygnat Industries Limited 8 th floor, Birla Building, 9/1, R. N. Mukherjee Road, Kolkata 700 001	U74900WB2015PLC206720	Subsidiary	100.00	2(87)

*Ceased to be a subsidiary effective 13th April, 2016 upon its ownership being transferred to the JK Tyre Group.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on 1 st April, 2016				No. of Shares held as on 31 st March, 2017				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1312409	Nil	1312409	1.12	1312409	Nil	1312409	1.12	Nil
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	56692580	Nil	56692580	48.34	56692580	Nil	56692580	48.34	Nil
e) Banks/Fls	-	-	-	-	-	-	-	-	-
f) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	58004989	Nil	58004989	49.46	58004989	Nil	58004989	49.46	Nil
(2) Foreign									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Others-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fls	-	-	-	-	-	-	-	-	-
e) Any Others...	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) =(A) (1)+(A)(2)	58004989	Nil	58004989	49.46	58004989	Nil	58004989	49.46	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	141010	11430	152440	0.13	211131	11430	222561	0.19	0.06
b) Banks/Fls	1412612	19402	1432014	1.22	1495425	19402	1514827	1.29	0.07

Category of Shareholders	No. of Shares held as on 1 st April, 2016				No. of Shares held as on 31 st March, 2017				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	4234346	200	4234546	3.61	4212346	200	4212546	3.59	(-) 0.02
g) FIs	3198176	7100	3205276	2.73	5787301	7100	5794401	4.94	2.21
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	8986144	38132	9024276	7.69	11706203	38132	11744335	10.01	2.32

2. Non-Institutions

a) Bodies Corporate

i) Indian	11647440	153939	11801379	10.06	9090138	153919	9244057	7.88	(-) 2.18
ii) Overseas	3741945	790	3742735	3.19	3741945	790	3742735	3.19	0.00
iii) NBFCs registered with RBI	-	-	-	-	142539	-	142539	0.12	0.12

b) Individuals

i) Individuals shareholders holding nominal share capital upto ₹1 lakh	16841151	1185609	18026760	15.37	16191179	1151620	17342799	14.79	(-)0.58
ii) Individuals shareholders holding nominal share capital excess of ₹1 lakh	5931651	24822	5956473	5.08	9048500	24822	9073322	7.74	2.66

Category of Shareholders	No. of Shares held as on 1 st April, 2016				No. of Shares held as on 31 st March, 2017				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
c) Others (specify)									
i) NRI	751524	7209	758733	0.65	742274	7209	749483	0.64	(-) 0.01
ii) Enemy Property	6803	1296	8099	0.01	6803	1296	8099	0.01	0.00
iii) Trust	32422	-	32422	0.03	21396	-	21396	0.02	(-) 0.01
iv) Unclaimed Suspense A/c	153507	-	153507	0.13	153021	-	153021	0.13	0.00
v) Foreign Companies	2717402	-	2717402	2.32	-	-	-	-	(-) 2.32
Sub-total (B)(2)	41823845	1373665	43197510	36.84	39137795	1339656	40477451	34.52	(-) 2.32
Total Public Shareholding (B)=(B)(1)+(B)(2)	50809989	1411797	52221786	44.53	50843998	1377788	52221786	44.53	0.00
C. Shares held by Custodian for GDRs & ADRs	7041875	-	7041875	6.00	7041875	-	7041875	6.00	0.00
Grand Total (A+B+C)	115856853	1411797	117268650	100	115890862	1377788	117268650	100	0.00

ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	No. of Shares held as on 1 st April, 2016			No. of Shares held as on 31 st March, 2017			% 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	Basant Kumar Birla	402496	0.343	-	402496	0.343	-	0.00
2	Rajashree Birla	3250	0.003	-	3250	0.003	-	0.00
3	Kumar Mangalam Birla	300	0.000	-	300	0.000	-	0.00
4	Vasavadatta Bajaj	5750	0.005	-	5750	0.005	-	0.00
5	Jayashree Mohta	65078	0.055	-	65078	0.055	-	0.00
6	Manjushree Khaitan	720158	0.614	-	720158	0.614	-	0.00
7	Vidula Jalan	115377	0.098	-	115377	0.098	-	0.00
8	Manav Investment & Trading Company Ltd.	16138250	13.762	13.762	16138250	13.762	13.762	0.00
9	M/s. Aditya Marketing & Manufacturing Ltd.	2449111	2.088	-	2449111	2.088	-	0.00
10	B.K. Birla Foundation	7012	0.006	-	7012	0.006	-	0.00
11	Birla Education Trust	954171	0.814	-	954171	0.814	-	0.00
12	Prakash Educational Society	910922	0.777	-	910922	0.777	-	0.00
13	Birla Educational Institution	362643	0.309	-	362643	0.309	-	0.00
14	Birla Institute of Technology & Science	1515806	1.293	-	1515806	1.293	-	0.00
15	Century Textiles & Industries Ltd.	5116800	4.363	-	5116800	4.363	-	0.00
16	Pilani Investment And Industries Corporation Ltd.	27338750	23.313	-	27338750	23.313	-	0.00
17	Padmavati Investment Ltd.	1899115	1.619	-	1899115	1.619	-	0.00
	Total	58004989	49.46	13.762	58004989	49.46	13.762	0.00

iii) *Change in Promoters' Shareholding (please specify, if there is no change):* There was no Change in the Promoters' Shareholding in the Financial Year 2016-17.

Sl. No.	Name of Promoter	Shareholding as on 1 st April, 2016		Shareholding as on 31 st March, 2017	
		No. of Shares	% of total Shares of the company	No. of Shares	% of Total Shares of the company

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

Sl. No.	Name of Shareholder	Shareholding as on 1 st April, 2016		Shareholding as on 31 st March, 2017	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Life Insurance Corporation of India	3716952	3.17	3716952	3.17
2	Devi Investment And Development INC.	3441945	2.94	3441945	2.94
3	Finquest Securities Pvt. Ltd**	704300	0.60	459000	0.39
4	Century Enka Limited	1403985	1.20	1403985	1.20
5	Life Insurance Corporation of India P&GS Fund	1266865	1.08	1266865	1.08
6	Dimensional Emerging Markets Value Fund*	659522	0.56	0	0.00
7	Hypnos Fund Ltd.	2700000	2.30	2200000	1.88
8	EM Resurgent Fund	1500000	1.28	1225000	1.04
9	India Infoline Ltd.	721827	0.62	625677	0.53
10	Jigar Lalchand Shah**	619019	0.53	261547	0.22
11	Lakshmi Capital Investments Limited***	0	0.00	1222600	1.04
12	Viral Amal Parikh***	0	0.00	1040000	0.89
13	Ruchit Bharat Patel***	0	0.00	574589	0.49
		16734415	14.28	17438160	14.87

* the shareholding had ceased and was not part of top 10 shareholders as on 31/03/2017

** was a top ten shareholder on 31/03/2016 but was no more a top ten shareholder on 31/03/2017

*** were a top ten shareholders on 31/03/2017

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding as on 1 st April, 2016		Shareholding as on 31 st March, 2017	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Basant Kumar Birla	402496	0.34	402496	0.34
2	Manjushree Khaitan	720158	0.61	720158	0.61
3	Gautam Ganguli	740	0.00	740	0.00
		1123394	0.95	1123394	0.95

V. INDEBTEDNESS

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

Particulars	Secured Loans, excluding deposits	Unsecured loan	Deposits	Total indebtedness ₹/crores
Indebtedness at the beginning of the Financial Year (1st April, 2016)				
i) Principal Amount	4604.61	392.38	265.94	5262.93
ii) Interest due but not paid	21.08	-	2.23	23.31
iii) Interest accrued but not due	4.40	-	-	4.40
Total (i+ii+iii)	4630.09	392.38	268.17	5290.64
Change in Indebtedness during the Financial Year				
Addition	3691.87	1014.37	129.27	4835.51
Reduction	5424.70	1089.46	135.66	6649.82
Net Change	-1732.83	-75.09	-6.39	-1814.31
Indebtedness at the end of the Financial Year (31st March, 2017)				
i) Principal Amount	2871.78	317.29	259.55	3448.62
ii) Interest due but not paid	14.32	-	2.83	17.15
iii) Interest accrued but not due	0.06	-	-	0.06
Total (i+ii+iii)	2886.16	317.29	262.38	3465.83

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of WTD		Total Amount ₹
		Tridib Kumar Das	Manjushree Khaitan	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,01,70,802	1,67,47,094	5,69,17,896
	(b) Value of perquisites u/s 17(2) Income-tax Act 1961	81,000	63,000	1,44,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others	Nil	Nil	Nil
5.	Others - Provident Fund - Superannuation Fund	11,52,000 Nil	7,20,000 Nil	18,72,000 Nil
	Total (A)	4,14,03,802	1,75,30,094	5,89,33,896
	Ceiling as per Act	Remuneration is within limits of provisions of law		

B. Remuneration to other Directors:

I. Independent Directors

Particulars of Remuneration	Name of Directors				Total Amount (₹)
	Amitabha Ghosh	Kashi Prasad Khandelwal	Sudip Banerjee	Lee Seow Chuan	
Fees for attending Board & Committee Meetings	13,60,000	13,20,000	9,40,000	11,57,744	47,77,744
Commission	Nil	Nil	Nil	Nil	Nil
Others	Nil	Nil	Nil	Nil	Nil
Total (1)	13,60,000	13,20,000	9,40,000	11,57,744*	47,77,744

II. Other Non-Executive Directors

Particulars of Remuneration	Name of Directors		Total Amount (₹)
	Basant Kumar Birla	Vinay Sah	
Fees for attending Board & Committee Meetings	2,00,000	5,20,000	7,20,000
Commission	Nil	Nil	Nil
Others	Nil	Nil	Nil
Total (2)	2,00,000	5,20,000	7,20,000
Total B = (1)+(2)			54,97,744
Ceiling as per Act	Remuneration is within limits of provisions of law		

* Includes Income Tax borne by the Company

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total (₹)
		Chief Business Officer *	Company Secretary	Chief Financial Officer**	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,40,82,500	2,34,63,722	4,01,70,802	11,77,17,024
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	16,87,346	81,000	81,000	18,49,346
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit - others	Nil	Nil	Nil	Nil
5.	Others - PF	Nil	8,64,000	11,52,000	20,16,000
	Total	5,57,69,846	2,44,08,722	4,14,03,802	12,15,82,370

* resigned with effect from 1st March, 2017

** Tridib Kumar Das is a Whole-time Director as well as the Chief Financial Officer of the Company

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

TYPE	SECTION OF COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY/ PUNISHMENT/ COMPOUNDING FEES IMPOSED	AUTHORITY [RD/ NCLT/COURT]	APPEAL MADE, IF ANY
A. COMPANY					
PENALTY			Nil		
PUNISHMENT					
COMPOUNDING					
B. DIRECTORS					
PENALTY			Nil		
PUNISHMENT					
COMPOUNDING					
C. OTHER OFFICERS IN DEFAULT					
PENALTY			Nil		
PUNISHMENT					
COMPOUNDING					

On behalf of the Board

Kashi Prasad Khandelwal
Director

Tridib Kumar Das
Whole-time Director & Chief Financial Officer

SUMMARISED BALANCE SHEET FOR THE LAST FIVE YEARS

₹/crores

	31-03-2017	31-03-2016	31-03-2015	31-03-2014	31-03-2013
A. ASSETS OWNED BY THE COMPANY					
1 NON CURRENT ASSETS					
a. Net Fixed Assets					
Gross Fixed Assets	3,924.52	3,635.18	3,784.58	6,210.11	6,091.91
Less: Total Depreciation	1,782.88	1,677.43	1,689.60	2,252.17	1,940.65
	2,141.64	1,957.75	2,094.98	3,957.94	4,151.26
b. Non Current Investments	35.32	5.57	66.36	66.36	66.36
c. Long Term loans and Advances	425.36	294.72	85.44	89.77	126.66
d. Other Non Current Assets	68.56	87.07	0.48	0.32	0.94
2 CURRENT ASSETS					
a. Current Investments	-	700.05	700.05	-	-
b. Inventories	418.72	555.61	734.06	894.13	912.75
c. Trade Receivables	500.67	545.28	766.72	904.00	835.67
d. Cash and Bank Balances	176.70	443.50	140.27	77.21	83.66
e. Short Term Loans and Advances	865.60	2,016.57	1,532.94	217.54	282.97
f. Other Current Assets	34.31	31.74	7.26	25.11	13.63
Total Assets	4666.88	6637.86	6,128.56	6,232.38	6,473.90
B. (i) DUES TO BE PAID BY THE COMPANY					
1 NON CURRENT LIABILITIES					
a. Long Term Borrowings	2437.92	3444.09	3364.62	2549.75	2774.39
b. Deferred Tax Liabilities (net)	-	-	-	-	-
2 CURRENT LIABILITIES					
a. Short Term Borrowings	1,010.70	1,259.51	1,131.93	1,494.11	1,630.80
b. Trade Payables	568.54	587.20	563.10	585.39	490.63
c. Other Current Liabilities	263.54	866.73	912.14	1,059.08	918.09
d. Short Term Provisions	91.31	77.24	69.42	73.24	79.75
Total Liabilities	4,372.01	6,234.77	6,041.21	5,761.57	5,893.66
(ii) THEREFORE, COMPANY'S NET WORTH REPRESENTED BY					
1 Equity Share Capital	124.77	124.77	109.77	109.77	45.74
2 Reserves & Surplus	170.10	278.32	(22.42)	361.04	534.50
	294.87	403.09	87.35	470.81	580.24

Figures for the previous year(s) have been regrouped / rearranged where considered necessary.

SUMMARISED STATEMENT OF PROFIT AND LOSS FOR THE LAST FIVE YEARS

₹/crores

		2016-17	2015-16*	2014-15	2013-14	2012-13
RECEIPTS						
1 Revenue From Operations		3,748.10	4,387.10	4,873.37	5,080.91	5,710.82
2 Other Income		265.21	1,256.00	474.95	124.54	131.04
Total Receipts	(A)	4,013.31	5,643.10	5,348.32	5,205.45	5,841.86
EXPENDITURE						
1 Raw Materials and Finished Goods		1,331.02	1,643.71	2,087.08	2,430.21	2,877.14
2 Employee Benefit Expenses		313.26	389.13	469.61	412.12	384.05
3 Other Expenses		2,112.88	2,670.82	2,200.83	1,952.49	2,137.57
4 Finance Costs		268.98	677.54	680.58	572.83	514.36
Total Expenses	(B)	4,026.14	5,381.20	5,438.10	5,367.65	5,913.12
GROSS PROFIT / (LOSS)	(A-B)	(12.83)	261.90	(89.78)	(162.20)	(71.26)
APPROPRIATIONS/TRANSFERS						
1. Depreciation (Net)		108.97	124.78	276.90	318.10	305.93
2. Provision for Taxation		2.33	-	-	-	-
3. Reversal of MAT Credit Entitlement		-	-	-	35.25	9.25
4. Provision for Deferred Tax - charge/ (credit)		-	-	-	-	(57.21)
5. Provision for Fringe Benefit Tax - charge/(credit)		-	-	-	-	-
6. Transfer to/(from) Debenture Redemption Reserve		-	-	-	-	-
7. Interim Dividend (with Distribution Tax thereon)		-	-	-	-	-
8. Proposed Dividend (with Dividend Tax thereon)		-	-	-	-	5.35
9. Reserves		-	-	-	-	-
10. Surplus/(Deficit)		(124.13)	137.12	(366.68)	(515.55)	(334.58)
		(12.83)	261.90	(89.78)	(162.20)	(71.26)

* All figures are inclusive of Discontinuing Operations.

Figures for the previous year(s) have been regrouped / rearranged where considered necessary.

Independent Auditors' Report

TO THE MEMBERS OF KESORAM INDUSTRIES LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Kesoram Industries Limited("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued

by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

- i The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone financial statements – Refer Note 31;
- ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2017;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017;
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 50.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata

April 28, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements for the year ended March 31, 2017

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

1. We have audited the internal financial controls over financial reporting of Kesoram Industries Limited ("the Company") as of March 31, 2017 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

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

Auditors' Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata

April 28, 2017

Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the standalone financial statements as of and for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 11 on fixed assets to the financial statements, are held in the name of the Company, except for

Total number of cases	Whether leasehold / freehold	Gross block (₹ /crore)	Net block (₹ /crore)	Remarks
1	Freehold Land	14.65	14.65	-

- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has granted unsecured loans, to two companies covered in the register maintained under Section 189 of the Act. The Company has not granted any secured / unsecured loans to firms / Limited Liability Partnerships/ Other parties covered in the register maintained under Section 189 of the Act.
 - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest except for one loan aggregating ₹6.79 crore as at March 31, 2017, with a maximum amount of ₹6.79 crore outstanding during the year, which was granted without specifying any repayment terms, and is therefore in our opinion prejudicial to the Company's interests.
 - (b) In respect of the aforesaid loans, except for an

amount aggregating ₹6.79 crore outstanding towards principal and which is fully provided for, the other loan amounting to ₹557.80 crore is repayable on demand. However, the party is regular in payment of interest as applicable.

- (c) In respect of the aforesaid loans, except for an amount aggregating ₹6.79 crore which is already provided for, there is no amount which is overdue for more than ninety days.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax and value added tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, income tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and duty of customs which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of excise and value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹/crore)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Central Excise	2.83	2000-01, 2001-02, 2005-06, 2006-07, 2007-08, 2009- 10, 2010-11, 2014-15	Additional Commissioner
Central Excise Act, 1944	Central Excise	4.63	1993-94, 1993-94, 1994-95, 1994-98, 1995-96, 1995-96, 1996-97, 1997-98, 1997-99 1998-99, 1999-00, 1998-99, 1999-00, 1999-10, 2000-01, 2001-02, 2001-02, 2002-03, 2003-04, 2004-05, 2004-05 to 2005-06, 2006-07	Assistant Commissioner
Central Excise Act, 1944	Central Excise	1.72	1974-75 to 1997-98, 1994-95, 1997-98 to 1998-99, 1998-99, 1999-00, 2004-05, 2005-06 to 2009-10	CESTAT
Central Excise Act, 1944	Central Excise	37.05	1985-90, 1988-89, 1994-95, 1995 -1996, 1996 -97, 1997-98, 1998-99, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 , 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2013-14 and 2015-16	Commissioner
Central Excise Act, 1944	Central Excise	2.86	1994-95, 1995-96, 2002-03, 2003-04 , 2004-05, 2005-06 , 2007-08, 2009-10 , 2010-11, 2011-12, 2013-14, 2014-15, 2015-16	Commissioner (Appeals)
Central Excise Act, 1944	Central Excise	171.14	1992-93, 1993-97, 1999-2000, 1999-2003, 2000-2004, 2002- 03, 2003-04, 2004-05, 2005-06, 2006-07, 2006-08, 2007-08 2008-09, 2009-10, 2010-11 2011-12, 2012-13	Customs, Excise & Service Tax Appellate Tribunal
Central Excise Act, 1944	Central Excise	0.03	1994-95, 2004-05, 2010-11	Deputy Commissioner
Central Excise Act, 1944	Central Excise	0.86	1994-95, 2005-06, 2008-09	High Court
Central Excise Act, 1944	Central Excise	0.20	1987-88, 1994-95, 1995-96, 2007-08	Joint Commissioner
Central Excise Act, 1944	Central Excise	0.03	1979-81	Superintendent of Central Excise
Central Excise Act, 1944	Central Excise	2.09	1980-81, 1982-83, 1992-93, 1995-96, 1996-97, 1997-98, 1998-99, 1999-00, 2001-02, 2002-03, 2004-05, 2005-06, 2009-10, 2011-12, 2013-14 , 2014-15 , 2015-16	Superintendent, Central Excise and Customs
Central Excise Act, 1944	Central Excise	0.03	2005-06	Supreme Court

Name of the statute	Nature of dues	Amount (₹/crore)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	0.45	2006-07, 2007-08, 2008-09	Additional Commissioner
Finance Act, 1994	Service Tax	0.72	2004-05, 2005-06, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14	Assistant Commissioner
Finance Act, 1994	Service Tax	22.81	2006-07, 2007-08, 2008-09 , 2009-10, 2010-11, 2011-12, 2012-13	Commissioner
Finance Act, 1994	Service Tax	1.06	2002-03, 2003-04, 2004-05, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2011-12, 2012-13	Commissioner (Appeals)
Finance Act, 1994	Service Tax	0.04	2009-10	Deputy Commissioner
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	0.18	2001-02	High Court
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	0.11	2003-04	Tribunal
Andhra Pradesh VAT Act	Sales Tax	0.18	2008-09	Assistant Commissioner
Andhra Pradesh VAT Act	Sales Tax	0.26	2006-07, 2007-08	Sales Tax Appellate Tribunal
Andhra Pradesh VAT Act	Sales Tax	0.10	2007-08	Tribunal
Bengal Finance Sales Tax Act, 1941	Sales Tax	0.04	1995-96	Revisional Board
Bombay Sales Tax Act	Sales Tax	0.32	2003-04, 2004-05	Deputy Commissioner of Sales Tax (Appeals), Amravati Division
Central Sales Tax Act, 1956	Sales Tax	0.28	1997-98, 1999-00, 1996-97, 1998-99, 2005-06	Additional Commissioner
Central Sales Tax Act, 1956	Sales Tax	0.75	2003-04 , 1995-96	Appellate & Revisional Board
Central Sales Tax Act, 1956	Sales Tax	0.23	2003-04	CTO , Karimnagar
Central Sales Tax Act, 1956	Sales Tax	0.07	2004-05, 2012-13	Deputy Commissioner
Central Sales Tax Act, 1956	Sales Tax	15.25	2003-04, 2009-10	High Court
Central Sales Tax Act, 1956	Sales Tax	1.20	2011-12	JCCT
Central Sales Tax Act, 1956	Sales Tax	2.34	2014-15	Joint Commissioner
Central Sales Tax Act, 1956	Sales Tax	0.06	2010-11	Joint Commissioner of Commercial Taxes (Appeals).
Central Sales Tax Act, 1956	Sales Tax	0.10	2011-12, 2012-13, 2013-14	Joint Commissioner (Appeals)
Central Sales Tax Act, 1956	Sales Tax	1.32	1991-92, 1995-96, 1997-98, 2001-02, 2004-05, 2011-12	Karnataka Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	Sales Tax	0.28	1998-99, 2008-09, 2010-11	Revisional Board

Name of the statute	Nature of dues	Amount (₹/crore)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.05	1995-96, 1997-98	Sales Tax Tribunal
Central Sales Tax Act, 1956	Sales Tax	2.23	2003-04	Supreme Court
Central Sales Tax Act, 1956	Sales Tax	8.05	1994-95, 1999-00, 2002-03, 2004-05, 2007-08, 2008-09, 2009-10, 2010-11	Tribunal
Central Sales Tax Act, 1956	Sales Tax	0.52	2006-07	Tribunal & High Court
Central Sales Tax Act, 1956	Sales Tax	6.76	2004-05, 2005-06, 2006-07, 2007-08, 2008-09	WB Appellate & Revisional Board
Central Sales Tax Act, 1956	Sales Tax	0.05	2013-14	Senior Joint Commissioner, Corporate
Central Sales Tax Act, 1956	Sales Tax	0.04	2009-10	West Bengal Appellate & Revisional Board
CST demanded under UP Trade Act, 1948	Sales Tax	0.01	2005-06, 2006-07	Addition Commissioner (Appeals)
Delhi Sales Act, 1975	Sales Tax	0.42	1999-00	Assessing Authority
Jharkhand Vat, 2005	Sales Tax	0.73	2010-11, 2012-13	Commissioner of Commercial Taxes, Ranchi
Jharkhand Vat, 2005	Sales Tax	0.06	2011-12	Dy. Commissioner of Sales Tax, Dumka, Jharkhand
Jharkhand Vat, 2005	Sales Tax	0.13	2011-12, 2012-13	Joint Commissioner (Appeals)
Jharkhand Vat, 2005	Sales Tax	0.14	2010-11	Tribunal
Maharashtra Value Added Tax Act 2002	Sales Tax	0.03	2012-13	Commissioner of Sales Tax, Solapur
Odisha Value Added Tax Act, 2004	Sales Tax	8.12	2010-11	Addition Commissioner (Appeals)
Odisha Value Added Tax Act, 2004	Sales Tax	1.01	2005-06, 2006-07, 2007-08	Additional Commissioner
Odisha Value Added Tax Act, 2004	Sales Tax	0.69	2008-09	CTC TRIBUNAL
Odisha Value Added Tax Act, 2004	Sales Tax	3.34	2011-12	JCCT
Odisha Value Added Tax Act, 2004	Sales Tax	5.26	2009-10	Sales Tax Tribunal
Rajasthan VAT act, 2003	Sales Tax	0.01	2013-14	Assistant Commissioner Officer Pali
Tamil Nadu General Sales Tax Act, 1959	Sales Tax	0.18	1999-00	Chennai High Court
UP Trade Tax Act, 1948	Sales Tax	0.07	2006-07	Addition Commissioner (Appeals)
UP VAT	Sales Tax	0.43	2010-11, 2011-12	Addition Commissioner (Appeals)

Name of the statute	Nature of dues	Amount (₹/crore)	Period to which the amount relates	Forum where the dispute is pending
Uttarakhand VAT Act, 2005	Sales Tax	0.17	2013-14	High Court
W.B VAT ACT,2003	Sales Tax	11.56	2007-08 , 2008-09 , 2009-10 , 2010-11	Revisional Board
W.B VAT ACT,2003	Sales Tax	4.60	2005-06, 2008-09	WB Appellate & Revisional Board
W.B VAT ACT,2003	Sales Tax	4.76	2010-11	WB Revisional Board
W.B VAT ACT,2003	Sales Tax	0.78	2009-10	West Bengal Appellate & Revisional Board
W.B VAT ACT,2003	Sales Tax	0.15	2006-07	West Bengal Taxation Tribunal
WB Sales Tax Act,1994	Sales Tax	0.04	1999-00	Additional Commissioner, Sales Tax
WB Sales Tax Act,1994	Sales Tax	0.25	1995-96, 1997-98, 2001-02	Deputy Commissioner
WB Sales Tax Act,1994	Sales Tax	0.24	2004-05	Sr. Jt. Commissioner (Appellate Authority)
WB Sales Tax Act,1994	Sales Tax	1.06	1995-96	WB Appellate & Revisional Board
WB Sales Tax Act,1994	Sales Tax	0.13	1998-99	West Bengal Taxation Tribunal
WB VAT Act, 2003	Sales Tax	1.32	2003-04, 2004-05, 2006-07, 2007-08	Appellate & Revisional Board
WB VAT Act, 2003	Sales Tax	0.02	1987-88	Assessing Authority (matter remanded by Board)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purposes for which they were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company had made a preferential allotment/ private placement of shares during the previous year under review, in compliance with the requirements of Section 42 of the Act. The amounts raised have been used for the purpose for which funds were raised as described below:

Nature of securities viz. Equity share / Preference shares / Convertible Debenture	Purpose for for which funds raised	Total Amount Raised / opening unutilized balance (₹ /crore)	Amount utilized for the other purpose (₹ /crore)	Un-utilized balance as at Balance sheet date (₹ /crore)
Equity share / Preference shares	General corporate purposes	180	-	-

- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Kolkata
April 28, 2017

Prabal Kr. Sarkar
Partner
Membership Number 52340

Balance Sheet as at 31st March, 2017

₹/ crore

	Notes	31st March, 2017	31st March, 2016
I. EQUITY AND LIABILITIES			
(1) SHAREHOLDERS' FUND			
(a) Share capital	3	124.77	124.77
(b) Reserves and surplus	4	170.10	278.32
		294.87	403.09
(2) NON CURRENT LIABILITIES			
(a) Long term borrowings	5	2,437.92	3,444.09
(b) Deferred tax liabilities (net)	6	-	-
		2,437.92	3,444.09
(3) CURRENT LIABILITIES			
(a) Short term borrowings	7	1,010.70	1,259.51
(b) Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		0.73	0.75
Total outstanding dues of creditors other than micro enterprises and small enterprises		567.81	582.35
(c) Other current liabilities	9	263.54	866.73
(d) Short term provisions	10	91.31	81.34
		1,934.09	2,790.68
TOTAL		4,666.88	6,637.86
II. ASSETS			
(1) NON CURRENT ASSETS			
(a) Fixed Assets			
(i) Tangible Assets	11	1,418.66	1,392.37
(ii) Intangible Assets	11	11.45	9.49
(iii) Capital work in progress		711.53	555.89
		2,141.64	1,957.75
(b) Non current investments	12	35.32	5.57
(c) Long Term loans and advances	13	425.36	294.72
(d) Other non current assets	14	68.56	87.07
		2,670.88	2,345.11
(2) CURRENT ASSETS			
(a) Current Investments	12	-	700.05
(b) Inventories	15	418.72	555.61
(c) Trade receivables	16	500.67	545.28
(d) Cash and bank balances	17	176.70	443.50
(e) Short term loans and advances	13	865.60	2,016.57
(f) Other current assets	14	34.31	31.74
		1,996.00	4,292.75
TOTAL		4,666.88	6,637.86
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.
This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No 52340

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice-Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Directors

Place: Kolkata
Date : 28th April, 2017

Statement of Profit and Loss for the year ended 31st March, 2017

₹/ crore, except per share data

	Notes	2016-2017	2015-2016
INCOME			
Revenue from operations (Gross)	18	4,209.02	4,554.23
Less: Excise Duty		460.92	453.94
Revenue from operations (Net)		3,748.10	4,100.29
Other Income	19	143.86	117.28
Total Revenue (I)		3,891.96	4,217.57
EXPENSES			
Cost of materials consumed	20	1,004.25	1,369.12
Purchases of stock-in-trade		209.65	73.38
Changes in inventories of finished goods and Work-in-progress	21	117.12	73.76
Employee benefits expense	22	313.26	292.58
Other expenses	23	2,112.88	2,574.03
Total Expenses (II)		3,757.16	4,382.87
Profit/(Loss) before interest, tax and depreciation and amortisation (EBITDA) [(I) - (II)]		134.80	(165.30)
Depreciation and amortization expenses	11	108.97	122.31
Finance costs	24	268.98	677.53
Profit/(Loss) before exceptional item and tax		(243.15)	(965.14)
Exceptional item (net)	25	121.35	755.35
Profit/(Loss) before tax from continuing operation		(121.80)	(209.79)
Tax Expenses:			
Current Tax (in respect of earlier year)		2.33	-
Deferred Tax		-	-
		2.33	-
Profit/(Loss) for the year from continuing operation		(124.13)	(209.79)
Profit/(Loss) before tax from discontinuing operation		-	(34.50)
Tax expense of discontinued operations		-	-
Profit/(Loss) for the year from discontinuing operation after tax		-	(34.50)
Profit on Disposal of Assets and Liabilities of Discontinuing Operation		-	381.41
Profit/(Loss) for the year from discontinuing operation		-	346.91
Profit/(Loss) for the year		(124.13)	137.12
Earnings per equity share	27		
[Nominal Value per share: ₹10 (2015-16: ₹10)]			
(a) Basic - ₹		(10.58)	12.49
(b) Diluted - ₹		(10.58)	12.49
Significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No 52340

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice-Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Directors

Place: Kolkata
Date : 28th April, 2017

Cash Flow Statement for the year ended 31st March, 2017

₹/ crore

	Year ended 31st March, 2017	Year ended 31st March, 2016
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before tax	(121.80)	137.12
Adjustments for:		
Depreciation and amortisation	108.97	124.78
Debt/advance/deposits written off	2.05	0.31
Provision for bad and doubtful debts	7.35	91.75
Provision for Warranty	13.77	-
Provision for doubtful advances	-	9.64
Provision for diminution in value of investments	0.02	2.09
Finance costs	268.98	677.54
Unrealised loss/(gain) on foreign currency fluctuation	5.81	(1.29)
(Profit) / Loss on sale of investments	0.17	(369.57)
Profit on sale of undertaking	(121.35)	(381.41)
Loss on sale of fixed assets (Net)	2.04	5.30
Profit on sale of undertakings	-	(385.78)
Liabilities/Provision no longer required written back	(49.15)	(28.37)
Interest income	(58.66)	(3.72)
Dividend income from long term investment (other than trade)	(0.08)	(3.92)
Operating profit/(loss) before working capital changes	58.12	(125.53)
Changes in Working Capital:		
Increase / (decrease) in trade and other payables	2.76	187.81
(Increase) / decrease in trade and other receivables	(70.90)	16.38
(Increase) / decrease in inventories	136.89	127.22
Cash Generated from Operations	126.87	205.88
Taxes paid (net of refunds)	(1.89)	3.65
Net cash generated from operating activities	124.98	209.53
B. Cash flow from Investing Activities:		
Purchase of fixed assets/Capital Advance given	(356.54)	(292.31)
Proceeds from Sale of fixed assets	1.87	1.19
Proceeds from sale of subsidiary	1,427.16	-
Proceeds from sale of undertakings	511.14	400.00
Purchase of long term investment	(0.05)	-
Loan given to subsidiary	(529.29)	-
Proceeds from sale of Long Term Investments	1.31	428.27
Proceeds from sale of current Investments	700.05	-
Interest received	29.79	3.94
Deposit made with bank	(0.01)	-
Dividend income from long term investment (other than trade)	0.08	3.92
Net cash generated from investing activities	1,785.51	545.01
C. Cash flow from Financing Activities		
Dividends paid	(0.29)	(0.47)
Finance cost paid	(372.06)	(678.92)
Proceeds from Issue of Equity Shares	-	90.00
Proceeds from Issue of OCRPS	-	90.00
Proceeds from		
- Long term borrowings	950.00	2,313.00
- Short term borrowings	3,612.62	3,083.26
Repayment of		
- Long term borrowings	(2,515.50)	(2,372.93)
- Short term borrowings	(3,855.43)	(2,731.15)
Increase/(decrease) in cash credit and overdrafts from banks	3.37	(218.30)
Net cash used in financing activities	(2,177.29)	(425.51)

Cash Flow Statement (contd.) for the year ended 31st March, 2017

₹/ crore

	Year ended 31st March, 2017	Year ended 31st March, 2016
Net (decrease)/increase in cash and cash equivalents	(266.80)	329.03
Cash and Cash Equivalent transferred to Cygnet Industries Ltd.	-	(25.78)
Cash and Cash Equivalent transferred to Camden Industries Ltd.	-	(0.02)
Cash and cash equivalents at the beginning of the year	443.50	140.27
Cash and cash equivalents at the end of the year	176.70	443.50
Notes:		
1. The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statements.		
	31st March, 2017	31st March, 2016
2. Cash and Cash Equivalents comprise :		
Cash on hand	0.05	0.04
Cheques on hand	21.95	37.20
Balances with banks on current account	113.65	311.70
Balances with banks on Cash Credit Accounts	16.65	2.89
Others		
In post office saving bank account	0.00*	0.00*
Other Bank Balances:		
Balances with banks		
On deposit accounts	23.79	90.77
On unpaid dividend accounts	0.61	0.90
	176.70	443.50

* Amount is below the rounding off norm adopted by the Company

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No 52340

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice-Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Directors

Place: Kolkata
Date : 28th April, 2017

Notes to Financial Statements for the year ended 31st March, 2017

1. General Information

Kesoram Industries Limited (the Company) is a public Company domiciled and incorporated under the provisions of the The Indian Companies Act, 1913. The Company is flagship company of B. K. Birla group of companies. The Company is a multi product and multi location company. Cement and automobile tyre business are its core businesses. Its shares are listed on three stock exchanges in India (Bombay Stock Exchange, National Stock Exchange and Calcutta Stock Exchange) and its Global Depositary Receipts (GDR) are listed on Luxembourg Stock Exchange. The Company markets its automobile tyres under the brand name "Birla Tyres" and cement is marketed under "Birla Shakti" brand.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply.

Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Tangible Fixed assets and Depreciation

- (a) Fixed Assets, except land, are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase cost, borrowing costs if capitalisation criteria are met and other directly attributable cost of bringing the assets to its working condition for intended use. The cost also comprises of exchange differences arising on translation /settlement of long term foreign currency monetary items pertaining to acquisition of such depreciable assets. Any trade discounts and rebates are deducted in arriving at the purchase price.
- (b) Land of Cement (at Basantnagar) unit as at 31st March, 1983 is stated at valuation made by the professional valuers in 1982-83 at the then current value.
- (c) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.
- (d) Capital work in progress is stated at cost [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.8 below], incurred during construction/ installation/ pre-operative period relating to items or projects in progress.
- (e) Losses arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Notes to Financial Statements for the year ended 31st March, 2017

(f) Depreciation is provided on pro-rata basis using straight line method over the estimated useful lives of assets and are same as the lives prescribed under Schedule II to the Companies Act, 2013. The useful life, residual value and the depreciation method are reviewed atleast at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

(g) Leasehold land is amortised over the lease period.

2.3 Intangible fixed assets and Amortisation

Intangible fixed assets are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis over a period of three years from the date of capitalisation. Capitalisation costs include license fees and the cost of implementation/ system integration services. The Costs are capitalised in the year in which the relevant intangible asset is implemented for use.

2.4 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.5 Impairment

Cash generating units/ assets are assessed for possible impairment at Balance Sheet date based on external and internal sources of information. Impairment losses, if any, are recognised as an expenses in Statement of Profit and Loss.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average / first-in, first-out (FIFO) basis, as considered appropriate by the Company. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete/ slow moving/defective stocks, wherever necessary.

2.8 Foreign Currency Translation /Transaction

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses (other than relating to reporting of Long term foreign currency monetary items)

Notes to Financial Statements for the year ended 31st March, 2017

arising out of fluctuations in the exchange rates are recognised in Statement of Profit and Loss in the period in which they arise. Exchange differences arising on reporting of long term foreign currency monetary items (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long term monetary asset/liability). Differences between the forward exchange rates and the exchange rates at the date of transactions are accounted for as income/expense over the life of the contracts.

2.9 Derivative Contracts

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/losses on settlement and mark to market gain/loss (net) relating to outstanding contracts as at the Balance Sheet date is recognised in the Statement of Profit and Loss.

Refer Note 2.8 above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in foreign Exchange Rates'.

2.10 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales of goods

Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts/allowance, sales return and sales taxes/value added tax.

2.11 Other Income

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

Dividend: Dividend income is recognised when the right to receive dividend is established.

2.12 Employee Benefits

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

Contributions towards superannuation fund, at rates specified in related approved scheme covering eligible employees, are recognised as expenses on accrual basis and funded.

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as defined contribution schemes as the Company does not carry any further obligations, apart from the contributions made on monthly basis.

In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The interest rates payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for.

In view of the Company's obligation to meet the shortfall, this is a defined benefit plan. The Company's liability is actuarially

Notes to Financial Statements for the year ended 31st March, 2017

determined (in accordance with the Guidance Note 29 issued by The Institute of Actuaries of India) at the end of the year and any gain/loss is recognised in the Statement of Profit and Loss. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Gratuity: The Company provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Company's liability is provided and funded on the basis of year end Actuarial valuation (using the Projected Unit Credit method). Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences: Accumulated compensated absences which are expected to be availed or encashed within 12 months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.

Accumulated compensated absences which are expected to be availed or encashed beyond 12 months from the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise. The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have a unconditional right to defer its settlement for 12 months after the reporting date.

Employees' State Insurance

Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees is recognised as charge in Statement of Profit and Loss in the year in which they arise.

2.13 Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Deferred taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred taxes is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

As at the Balance Sheet date, unless there is an evidence to the contrary, deferred tax assets pertaining to business loss are only recognised to the extent that there are deferred tax liabilities offsetting them.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is a convincing evidence that the Company will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.14 Research and Development Expenditure

Revenue Expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred and Capital Expenditure relating to Research and Development are included in Fixed Assets.

Notes to Financial Statements for the year ended 31st March, 2017

2.15 Government Grants

Grants of Capital nature and related to specific Fixed Assets are deducted from gross value of assets. Other grants of capital nature are credited to Capital Reserve. Grant related to revenue are recognised in the Statement of Profit and Loss on a systematic basis to match them with related costs.

2.16 Lease

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the Statement of Profit and Loss over the lease term.

2.17 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

2.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit/(loss) for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.19 Provision and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

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

2.20 Provision for Sales related obligations

The estimated liability for sales related obligations is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. The timing of outflow will vary as and when the obligation will arise – being typically upto three years.

Notes to Financial Statements for the year ended 31st March, 2017

2.21 Segment reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

Inter-segment transfers

The Company accounts for intersegment sales and transfers at cost.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocable to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

2.22 Use of estimates

The preparation and presentation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

Notes to Financial Statements for the year ended 31st March, 2017

3. SHARE CAPITAL

₹/ crore

	31st March, 2017	31st March, 2016
AUTHORISED		
55,00,00,000 Equity Shares of ₹10 each	550.00	550.00
1,50,00,000 Preference Shares of ₹100 each	150.00	150.00
	700.00	700.00
ISSUED, SUBSCRIBED AND PAID-UP		
11,72,68,650 (31st March, 2016 : 11,72,68,650) Equity Shares of ₹10 each fully paid up	117.27	117.27
7,50,000 (31st March, 2016 : 7,50,000) Optionally Convertible Redeemable Preference Shares of ₹100 each fully paid up	7.50	7.50
	124.77	124.77

- (a) Reconciliation of the number of shares outstanding as at 31st March, 2017 and 31st March, 2016 is set out below:
- Equity Shares

Particulars	31st March, 2017	31st March, 2016
Number of shares outstanding at the beginning of the year	11,72,68,650	10,97,68,650
Add: Shares issued during the year	-	75,00,000
Number of shares outstanding at the end of the year	11,72,68,650	11,72,68,650

Optionally Convertible Redeemable Preference Shares (OCRPS)

Particulars	31st March, 2017	31st March, 2016
Number of shares outstanding at the beginning of the year	7,50,000	-
Add: Shares issued during the year	-	7,50,000
Number of shares outstanding at the end of the year	7,50,000	7,50,000

- (b) Rights, preferences and restrictions attached to shares
- Equity Shares:

The Company has equity shares having a par value of ₹10 per share. All equity shareholders are entitled to one vote per share.

The Company declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in the proportion to their shareholdings.

Optionally Convertible Redeemable Preference Shares (OCRPS):

The Company had issued during the year 2015-16 Optionally Convertible Redeemable Preference Shares ("OCRPS") shares having a par value of ₹100 per share.

OCRPS carry a cumulative dividend of 0.001% per annum per OCRPS. Each OCRPS carry a right of conversion into 10 equity shares of the Company within a time frame not exceeding 18 months of allotment. In case, OCRPS are not converted into equity shares, the Company will redeem the OCRPS together with the cumulative dividend and applicable yield within a period not exceeding 18 months or such extended time as may be legally permissible based upon such term and conditions and at such price as may be mutually agreed.

Notes to Financial Statements for the year ended 31st March, 2017

3. SHARE CAPITAL (contd.)

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company.

Equity Shares

Sl. No.	Name of the shareholders	31st March, 2017		31st March, 2016	
		No. of shares	% age	No. of shares	% age
1	Pilani Investments and Industries Corporation Limited	2,73,38,750	23.31	2,73,38,750	23.31
2	Manav Investment & Trading Co. Ltd	1,61,38,250	13.76	1,61,38,250	13.76
		4,34,77,000	37.07	4,34,77,000	37.07

Optionally Convertible Redeemable Preference Shares (OCRPS)

Sl. No.	Name of the shareholders	31st March, 2017		31st March, 2016	
		No. of shares	% age	No. of shares	% age
1	IndusInd Bank Ltd.	7,50,000	100.00	7,50,000	100.00
		7,50,000	100.00	7,50,000	100.00

4. RESERVES AND SURPLUS

₹/ crore

	31st March, 2017	31st March, 2016
Capital Reserve		
(a) Development Grant/ Subsidy	0.40	0.40
(b) Amalgamation Reserve	2.91	2.91
	3.31	3.31
Capital Redemption Reserve	3.59	3.59
Securities Premium		
Balance at the beginning of the year	507.22	342.22
Add: Received during the year on issue of Equity Shares	-	82.50
Add: Received during the year on issue of OCRPS	-	82.50
	507.22	507.22
Forfeiture of shares	0.00*	0.00*
Revaluation Reserve		
Balance at the beginning of the year	0.13	2.38
Less: Withdrawal of residual amount added on revaluation consequent to sale/ disposal of revalued assets	-	2.25
	0.13	0.13
General Reserve	224.00	224.00
Other Reserves:		
(a) Doubtful Debts & Contingencies	0.20	0.20
(b) Share Buy Back Reserve	7.01	7.01
	7.21	7.21
Foreign Currency monetary item translation difference account		
Balance at the beginning of the year	(15.91)	(16.78)
Less: Reversal/ (Created) during the year	15.91	0.87
	-	(15.91)

Notes to Financial Statements for the year ended 31st March, 2017

4. RESERVES AND SURPLUS (contd.)

₹/ crore

	31st March, 2017	31st March, 2016
Surplus/(Deficit)		
Balance at the beginning of the year	(451.23)	(588.35)
Add:- Profit/(Loss) for the period	(124.13)	137.12
Amount available for appropriation	(575.36)	(451.23)
Less: Appropriations:		
Proposed Dividend on OCRPS	-	0.00*
Tax on Proposed Dividend (OCRPS)	-	0.00*
	-	0.00*
	(575.36)	(451.23)
	170.10	278.32

* Amount is below the rounding off norm adopted by the Company

5. LONG TERM BORROWINGS

₹/ crore

	Non current portion		Current maturities	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Secured:				
Debentures				
2000 (March 31, 2016: 2000) Redeemable Non-Convertible Debentures [Refer Note (a) below]	-	200.00	-	-
Term Loans:				
From Bank				
Indian rupee loan	2,100.00	2,138.06	-	356.12
Foreign currency loan	-	179.12	-	52.50
From others				
Indian rupee loan	100.00	683.17	-	150.04
Finance lease obligation	-	-	-	0.67
Unsecured:				
Deposits from selling agents and others	237.92	243.74	-	-
	2,437.92	3,444.09	-	559.33
The above amount includes:				
Secured borrowings	2,200.00	3,200.35	-	559.33
Unsecured borrowings	237.92	243.74	-	-
Amount disclosed under the head "other current liabilities" (refer Note 9)	-	-	-	(559.33)
	2,437.92	3,444.09	-	-

Notes to Financial Statements for the year ended 31st March, 2017

5. LONG TERM BORROWINGS (contd.)

(a) Debentures

₹/ crore

	31-Mar-17	31-Mar-16	Nature of Security	Repayment Terms
10.50% Non Convertible Debentures	-	200.00	First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of various units of the Company.	Repayment at the end of 5 years from the allotment date of 28th August, 2014. Interest payable quarterly @ 10.50% p.a.
	-	200.00		

(b) Repayment terms and nature of securities given for Indian rupee term loans from banks are as follows:

₹/ crore

Bank	31-Mar-17	31-Mar-16	Nature of Security	Repayment Terms
Axis Bank Ltd.	-	400.00	First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of various units of the Company.	Repayment in quarterly instalments after a 27 month moratorium period from the date of first disbursement in the following manner:(a) First 10 instalments of ₹33 crore each; (b) Next 2 instalments of ₹35 crore each. Interest payable monthly @ Base rate plus 1% p.a.
Axis Bank Ltd.	1,300.00	1,250.00	First pari passu charge on all movable and immovable fixed assets (both present and future, including fixed assets of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding land at Solapur). Second pari passu charge on all current assets of the Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner:(a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ Base rate plus 0.75% p.a.
Bank of Baroda	-	75.00	First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units of the Company.	Repayable by four equal annual instalment commencing from 24 months after first disbursement. Interest is payable monthly @ Base rate + 1.75% + term premium of 0.15%
ICICI Bank Ltd.	-	150.00	First pari passu charge on all movable and immovable fixed assets (both present and future) of various units of the Company.	Repayable in 20 equal quarterly instalments commencing from the 27th month from the date of disbursement. Interest is payable monthly @ Base rate plus 2.7% p.a. with annual reset.
	1,300.00	1,875.00	Carried over	

Notes to Financial Statements for the year ended 31st March, 2017

5. LONG TERM BORROWINGS (contd.)

₹/ crore

Bank	31-Mar-17	31-Mar-16	Nature of Security	Repayment Terms
ICICI Bank Ltd.	1,300.00 200.00	1,875.00 -	Brought forward First pari passu charge on all movable and immovable fixed assets (both present and future, excluding land at Solapur). Second pari passu charge on all current assets of the Company.	Repayment in 28 equal quarterly instalments commencing from the 39th month from the date of disbursement. Interest is payable monthly @ Base rate plus 1.40% per annum with annual reset.
Punjab National Bank	-	40.00	First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units of the Company.	Repayable in twenty quarterly instalments starting from June 2012 distributed as first sixteen instalments of ₹16.25 crore each and balance four instalments of ₹10 crore each Interest is payable monthly @ Base rate plus 1.5% p.a. plus term premium.
State Bank of India	-	124.97	First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of the various units of the Company.	Repayable in 12 quarterly instalments commencing from the quarter ending February, 2014 distributed as 11 instalments of ₹41.67 crore each and the last instalment of ₹41.63 crore in November, 2016. Interest is payable monthly @ Base rate plus 2% p.a.
The South Indian Bank Ltd.	-	92.50	First pari passu charge on all movable and immovable fixed assets (both present and future) of various units of the Company.	Repayment commencing after a moratorium of 12 months in 6 quarterly instalments of ₹1.5 crore each, next 4 quarterly instalments of ₹3 crore each, next 17 quarterly instalments of ₹4.39 crore each and last instalment of ₹4.37 crore thereafter. Interest is payable @ Base rate plus 2.50% p.a. with annual reset.
The South Indian Bank Ltd.	-	41.00	First pari passu charge on all movable and immovable fixed assets (both present and future) of various units of the Company.	Repayment commencing after a moratorium of 12 month in 6 quarterly instalments of ₹0.75 crore each, next 4 quarterly instalments of ₹1.5 crore each, next 17 quarterly instalments of ₹2.20 crore each and last instalment of ₹2.10 crore thereafter. Interest is payable @ Base rate plus 3% p.a. with annual reset.
The South Indian Bank Ltd.	-	85.00	First pari passu charge on all movable and immovable fixed assets (both present and future) of various units of the Company.	Repayment to be made in 28 quarterly instalments after the initial holiday period of 12 months. (First 6 quarters ₹1.5 crore each, next 4 quarters ₹3 crore each, next 17 quarters ₹4.39 crore each, last quarter ₹4.37 crore). Interest payable monthly @ Base rate + 2%.
	1,500.00	2,258.47	Carried over	

Notes to Financial Statements for the year ended 31st March, 2017

5. LONG TERM BORROWINGS (contd.)

₹/ crore

Bank	31-Mar-17	31-Mar-16	Nature of Security	Repayment Terms
The South Indian Bank Ltd.	1,500.00 400.00	2,258.47 -	Brought forward First pari passu charge on all movable and immovable fixed assets (both present and future, including fixed assets of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding land at Solapur). Second pari passu charge on all current assets of the Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner:(a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.60% p.a.
The Karur Vysya Bank Ltd.	-	85.71	First pari passu charge on all movable and immovable fixed assets (both present & future) of various units (excluding Corporate Office) of the Company.	To be repaid in 28 Quarterly instalment after a moratorium period of one year. Interest is payable monthly @ Base rate + 1.5%.
The South Indian Bank Ltd.	-	150.00	First pari passu charge on all movable and immovable fixed assets (both present and future) of the various units.	Repayment in 20 equal quarterly instalments of ₹7.50 crore each after moratorium of 24 months from date of first disbursement. Interest payable monthly @ Base rate plus 2.50% p.a.
The Karur Vysya Bank Ltd.	100.00	-	First pari passu charge on all movable and immovable fixed assets (both present and future, including fixed assets of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding land at Solapur). Second pari passu charge on all current assets of the Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner:(a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.05% p.a.
The Lakshmi Vilas Bank Ltd.	100.00	-	First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets of various units (excluding land at Solapur including Rayon assets) of the Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner:(a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.15% p.a.
	2,100.00	2,494.18		

Notes to Financial Statements for the year ended 31st March, 2017

5. LONG TERM BORROWINGS (contd.)

(c) Repayment terms and nature of securities given for Foreign currency loans from banks are as follows:

₹/ crore

Bank	31-Mar-17	31-Mar-16	Nature of Security	Repayment Terms
IndusInd Bank Ltd	-	231.62	First Charge on Certain Immovable fixed assets (non-agricultural land) located at Solapur, Maharashtra, (yet to be created) and first pari passu charge on immovable fixed assets of the Company.	16 equal quarterly instalments after a moratorium period of 24 months. Interest payable @ Base rate + 75 Basis Points.
	-	231.62		

(d) Repayment terms and nature of securities given for Indian rupee term loans from others are as follows:

₹/ crore

Financial Institution	31-Mar-17	31-Mar-16	Nature of Security	Repayment Terms
HDFC Ltd	-	300.00	First pari passu charge on all movable and immovable fixed assets (both present & future) of various units of the Company.	Principal repayment shall have a moratorium of 8 calendar quarters from the date of first disbursement and thereafter repayment in 12 equal calendar quarters starting from the first calendar quarter after the end of the moratorium period. Interest payable at the end of calendar quarters @ HDFC CPLR - 5.25 %.
IFCI Ltd	-	117.85	First pari passu charge on all movable and immovable fixed assets (both present & future) of various units of the Company.	The loan shall be repaid in 28 structured quarterly instalments commencing from the fifteenth month from the date of first disbursement. Interest is payable monthly @ SBI Base rate + 280 basis points.
IFCI Ltd	-	142.11	First pari passu charge on all moveable and immoveable fixed assets (both present and future) and second pari passu charge on all current assets (both present and future) of various units of the Company.	Repayment in 19 equal quarterly instalments from 18th month from the date of first disbursement. Interest payable monthly @ Benchmark rate plus 1.80% p.a.
L&T Infrastructure Finance Company Ltd	-	177.75	First pari passu charge on all movable and immovable fixed assets (both present and future) of various units of the Company.	Repayable in 28 quarterly instalments with 6 quarters of ₹3.75 crore, 4 quarters of ₹7.5 crore and 18 quarters of ₹10.97 crore each. Interest is payable monthly @ L&T Infra plrs minus/plus spread
	-	737.71	Carried over	

Notes to Financial Statements for the year ended 31st March, 2017

5. LONG TERM BORROWINGS (contd.)

₹/ crore

Financial Institution	31-Mar-17	31-Mar-16	Nature of Security	Repayment Terms
West Bengal Infrastructure Development Finance Corporation Ltd.	-	737.71	Brought forward	
	-	95.50	First pari passu charge on all movable and immovable fixed assets (both present and future) and second charge on all current assets (both present and future) of the various units of the Company and second charge on Current Assets ranking Pari Passu with the existing and future charge of other term lenders.	Repayment over a period of 8 years (including 4 quarters of moratorium from the date of first disbursement) structured over 32 quarters. Interest payable monthly @ Base rate of State Bank of India plus 2.80% p.a.
West Bengal Infrastructure Development Finance Corporation Ltd.	100.00	-	First pari passu charge on all movable and immovable fixed assets (both present and future, including fixed assets of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding land at Solapur). Second pari passu charge on all current assets of the Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner: (a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ Axis Bank Base rate plus 0.75% p.a.
	100.00	833.21		

6. DEFERRED TAX LIABILITIES (NET)

₹/ crore

	31st March, 2017	31st March, 2016
Deferred Tax Liabilities		
Difference between written down value of block of assets as per Income Tax Laws and book written down value of the fixed assets	280.17	272.85
A	280.17	272.85
Deferred Tax Assets		
Business losses	158.18	224.59
Items allowable for tax purpose on payment	36.72	8.89
Provision for contingencies	27.00	7.62
Others	58.27	31.75
B	280.17	272.85
C (A-B)	-	-

(a) During the year the Company has recognised deferred tax assets on business losses to the extent of net deferred tax liability.

(b) Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

Notes to Financial Statements for the year ended 31st March, 2017

7. SHORT TERM BORROWINGS

₹/ crore

	31st March, 2017	31st March, 2016
Secured:		
Working Capital Loan		
From Bank		
Overdraft / Cash Credit	126.84 [#]	123.47 [#]
Working capital demand loan	469.00 [#]	579.00 [#]
Commercial paper	50.00 [#]	-
Packing credit loan	25.94 [#]	142.46 [#]
Unsecured:		
Term Loan		
From Bank		
Indian rupee loan	100.00	343.10
Foreign currency loan	191.35	49.28
Packing credit loan	25.94	-
Deposits		
Deposit from others	21.63	22.20
	1,010.70	1,259.51
The above amount includes:		
Secured borrowings	671.78	844.93
Unsecured borrowings	338.92	414.58
	1,010.70	1,259.51

[#]Secured by way of hypothecation, first charge on current assets of the Company and second charge on movable and immovable fixed assets, of the Company and Cygnet Industries Limited, subsidiary of Kesoram Industries Ltd. The charge on fixed assets of Cygnet Industries Limited is under process of release.

Maximum amount of Commercial Paper outstanding at any point of time during the year ₹50 crore (Previous Year: ₹Nil).

Interest payable on short term borrowings is in the range of 6.75% to 11%.

The cash credit and working capital demand loans are repayable on demand.

8. TRADE PAYABLES

₹/ crore

	31st March, 2017	31st March, 2016
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 37)	0.73	0.75
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	107.77	89.75
(ii) Others	460.04	492.60
	568.54	583.10

Notes to Financial Statements for the year ended 31st March, 2017

9. OTHER CURRENT LIABILITIES

₹/ crore

	31st March, 2017	31st March, 2016
Current maturities of long-term debt (Refer note 5)	-	558.66
Current maturities of long-term Finance lease (Refer note 5)	-	0.67
Interest accrued but not due on borrowings	0.82	4.40
Interest accrued and due on borrowings	17.06	21.08
Interest accrued and due on deposits and others	-	2.23
Unpaid dividends	0.61	0.90
Unpaid matured deposits and interest accrued thereon	0.05	0.05
Other payables		
Advance from customers	27.45	32.52
Statutory dues	108.75	108.90
Liability for purchases of capital assets	24.25	14.08
Retention & Earnest deposits	17.99	10.91
Employee's benefits payable	7.14	7.21
Forward Contracts payable (net)	2.18	-
Other Payables	57.24	105.12
	263.54	866.73

- (a) There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at Balance Sheet Date other than unclaimed dividend of ₹1,60,625 (31st March, 2016: ₹1,87,007) pertaining to cases under litigation regarding beneficial ownership of shares.

10. SHORT TERM PROVISIONS

₹/ crore

	31st March, 2017	31st March, 2016
Provision for employee benefits		
Provision for gratuity [Refer Note 22 (a)]	1.97	6.77
[Net of Advance ₹0.13 crore (31st March, 2016 : ₹6.57 crore)]		
Provision for leave encashment (unfunded)	21.98	21.42
Other Provisions		
Provision for Income Tax [Net of Advance Tax ₹329.01 crore (31st March, 2016 : ₹327.15 crore)]	7.73	7.29
Provision for disputed statutory dues	11.68	11.68
Provision for Contingencies	30.00	30.00
Provision for Warranties	17.87	4.10
Provision for proposed dividend (OCRPS)	-	0.00*
Provision for dividend tax (OCRPS)	-	0.00*
Provision for Fringe benefit tax	0.08	0.08
	91.31	81.34

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended 31st March, 2017

11. FIXED ASSETS

₹/ crore

Particulars	GROSS BLOCK						DEPRECIATION AND AMORTIZATION						NET BLOCK		
	As at 31st Mar, 2016	Additions during the year	Deletions during the year	Transfer of Undertakings	Discon- tinuing Operation	Adjustments for discount- ing operation	As at 31st Mar, 2017	As at 31st Mar, 2016	For the year	Deprecia- tion for the discontinuing Operations	On Deletions during the year	Transfer of Undertakings	Adjustments for discount- ing operation	As at 31st Mar, 2017	As at 31st Mar, 2016
I. Tangible Assets:															
Land :															
- Freehold	58.90	-	-	-	-	-	58.90	-	-	-	-	-	-	58.90	58.90
- Leasehold	0.80	-	-	-	-	-	0.80	0.59	-	-	-	-	-	0.21	0.21
Buildings	162.72	11.56	-	-	-	-	174.28	57.75	7.93	-	-	-	-	108.60	104.97
Plant and Equipments	2,727.89	115.43	5.54	-	-	-	2,837.78	1,541.74	91.69	-	2.33	-	-	1,206.68	1,186.15
Furniture and Fixtures	20.70	0.58	0.01	-	-	-	21.27	11.15	1.35	-	0.01	-	-	8.78	9.55
Office Equipment	21.71	2.79	0.48	-	-	-	24.02	17.01	2.05	-	0.43	-	-	5.39	4.70
Vehicles	20.95	7.16	1.38	-	-	-	26.73	7.89	2.84	-	0.74	-	-	16.74	13.06
Others:							-							-	-
- Livestock	0.10	-	0.00*	-	-	-	0.10	-	-	-	-	-	-	0.10	0.10
- Railway Siding	26.18	-	-	-	-	-	26.18	11.78	1.47	-	-	-	-	12.93	14.40
Assets taken on Finance Lease							-							-	-
- Vehicle	0.35	-	-	-	-	-	0.35	0.02	-	-	-	-	-	0.33	0.33
(A)	3,040.30	137.52	7.41	-	-	-	3,170.41	1,647.93	107.33	-	3.51	-	-	1,751.75	1,392.37
II. Intangible Assets:															
Computer Software	28.30	3.61	0.02	-	-	-	31.89	18.81	1.64	-	0.01	-	-	11.45	9.49
Technical Knowhow	10.69	-	-	-	-	-	10.69	10.69	-	-	-	-	-	10.69	-
(B)	38.99	3.61	0.02	-	-	-	42.58	29.50	1.64	-	0.01	-	-	11.45	9.49
Total (A+B)	3,079.29	141.13	7.43	-	-	-	3,212.99	1,677.43	108.97	-	3.52	-	-	1,782.88	1,401.86
Previous Year	3,236.26	45.55	22.17	35.70	142.40	(2.25)	3,079.29	1,689.60	122.31	2.47	15.68	24.60	96.67	1,677.43	1,401.86

₹/ crore

		31st March, 2017	31st March, 2016
(a) Net exchange loss/(gain) being adjustment relating to foreign currency fluctuation			
(i) Net loss/(gain) being adjustment relating to foreign currency fluctuation-FA Capitalised		-	2.77
(b) Including :			
(i) Jointly owned:-			
- Furniture and Fixtures and Office Equipments		-	1.12
- Plant and Equipment		-	0.03
(ii) Cost of assets lying with third parties			
(iii) Gross Book value of revalued fixed assets		2.09	-
Freehold Land		1.11	1.11
Buildings		3.19	3.19
Plant and Equipments		17.73	17.73
(c) The title deed of 24.63 acres of land amounting to ₹14.65 crore is yet to be executed in favour of the Company.			

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended 31st March, 2017

12. INVESTMENTS

₹/ crore, except as otherwise stated

	Number	Face Value of each Share (₹)	31st March, 2017	31st March, 2016
CURRENT INVESTMENT				
(valued at lower of cost or fair value)				
Trade Investments (Unquoted)				
Investment in Equity Instruments of Subsidiary				
Cavendish Industries Limited (Fully paid up)	70,00,46,000	10	-	700.05
			-	700.05
NON CURRENT INVESTMENT				
(valued at cost less provision for other than temporary diminution)				
A. Long Term – Trade (Unquoted)				
Investment in Equity Instruments of Subsidiary				
Cygnat Industries Limited (Fully paid up)	3,00,50,000	10	30.05	-
Investment in Equity Instruments of Joint Venture Company (Fully paid up)				
Gondkhari Coal Mining Limited	22,730	10	0.02	
Less : Provision for other than temporary diminution			0.02	- 0.02
B. Long Term - Other than Trade				
Investment in Equity Instruments (Fully paid up)				
- Unquoted				
Birla Buildings Ltd.	30,000	10	0.03	0.03
Coromandel Stampings & Stones Ltd.	10,000	10	0.00*	0.00*
Kesoram Insurance Broking Services Ltd.	1,43,000	10	0.03	0.03
Calcutta Stock Exchange Association Ltd.	10,455	1	2.09	2.09
Less : Provision for other than temporary diminution			2.09	- 2.09
Essel Mining & Industries Ltd.	-	-	-	0.24
Meghdoot Co-operative Housing Society Ltd.	10	100	0.00*	0.00*
Padmavati Investment Ltd.	7,231	10	0.55	0.55
Vasavadatta Services Ltd.	18,800	10	0.02	0.02
JPM Merchandise Agencies Ltd	-	-	-	0.04
- Quoted				
HGI Industries Ltd.	4,96,100	10	0.00*	0.00*
Jay Shree Tea & Industries Ltd.	3,88,116	5	0.01	0.01
Kesoram Textile Mills Ltd.	49,96,986	2	4.63	4.63
Manjushree Plantations Ltd.	-	-	-	1.20
Less : Provision for other than temporary diminution			-	1.20
Vidula Chemicals & Manufacturing Industries Ltd.	44,750	10	0.06	0.06
Less : Provision for other than temporary diminution			0.06	- 0.06
			35.32	5.57
*Amount is below the rounding off norm adopted by the Company				

Notes to Financial Statements for the year ended 31st March, 2017

12. INVESTMENTS (contd.)

₹/ crore, except as otherwise stated

	Number	Face Value of each Share (₹)	31st March, 2017	31st March, 2016
(a) Aggregate amount of quoted investments			4.70	5.90
(b) Aggregate amount of unquoted Investments			32.79	703.07
(c) Aggregate provision for diminution in value of investments			2.17	3.35
(d) Aggregate market value of quoted investments (excluding investments in HGI Industries Ltd., Kesoram Textile Mills Ltd., and Vidula Chemicals & Manufacturing Industries Ltd. in absence of any current quotation)			4.26	3.17

13. LONG/SHORT TERM LOANS AND ADVANCES

₹/ crore

	Non-current		Current	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Unsecured, considered good unless stated otherwise				
Capital advances	350.44	227.32	-	-
Security Deposits	30.76	22.95	-	-
(A)	381.20	250.27	-	-
Loans and advances to related parties				
Considered doubtful [Refer Note No. 44]	6.79	6.77	-	-
Less: Provisions for doubtful advances	(6.79)	(6.77)	-	-
(B)	-	-	-	-
Loan to Subsidiary Company (including interest of ₹28.25 crore) [Refer note 48]	(C)	-	557.80	-
Balance with Subsidiary Company			-	1,286.94
Receivable from a body corporate			10.63	541.14
Other loans and advances				
Advances recoverable in cash or kind				
Considered Good	0.62	14.06	205.66	107.52
Considered doubtful	-	-	21.62	24.57
Less Provision for doubtful advances	-	-	(21.62)	(24.57)
Prepaid Expenses	-	-	6.87	5.83
Loan to employees	-	0.01	3.14	3.03
Loan to other body corporate	-	-	4.00	4.00
Balance with statutory/government authorities	43.54	30.38	77.50	68.11
(D)	44.16	44.45	297.17	188.49
Total (A+B+C+D)	425.36	294.72	865.60	2,016.57

Notes to Financial Statements for the year ended 31st March, 2017

14. OTHER NON-CURRENT/ CURRENT ASSETS

₹/ crore

	Non-current		Current	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Non current bank balance (Refer Note 17)	0.01	-	-	-
Insurance claim	-	-	3.75	3.19
Interest accrued on deposits	-	-	0.13	0.22
Unamortised Premium on loan restructuring	68.55	87.07	6.85	7.91
Unamortised premium on forward contract	-	-	1.06	-
Others	-	-	22.52	20.42
Total	68.56	87.07	34.31	31.74

15. INVENTORIES

₹/ crore

	31st March, 2017	31st March, 2016
Raw Materials [Includes material in transit ₹16.17 crore (31st March, 2016: ₹1.83 crore)]	74.32	68.30
Work-in-Progress	59.44	54.54
Finished Goods [Includes goods in transit ₹3.44 crore (31st March, 2016: ₹4.24 crore)]	186.38	309.38
Stock-in-trade (in respect of goods acquired for trading)	0.12	-
Stores and Spare Parts [Includes material in transit ₹9.08 crore (31st March, 2016: ₹6.19 crore)]	98.46	123.39
	418.72	555.61

16. TRADE RECEIVABLES

₹/ crore

	31st March, 2017	31st March, 2016
Outstanding for a period exceeding six months from the date they are due for payment		
Secured - Considered good	24.30	17.45
Unsecured - Considered good	25.98	12.10
Unsecured - Considered doubtful	168.38	174.96
	218.66	204.51
Less: Provision for doubtful debts	168.38	174.96
(A)	50.28	29.55
Other debts		
Secured - Considered good	147.42	160.77
Unsecured - Considered good	302.97	354.96
Unsecured - Considered doubtful	-	-
	450.39	515.73
Less: Provision for doubtful debts	-	-
(B)	450.39	515.73
Total (A+B)	500.67	545.28

Notes to Financial Statements for the year ended 31st March, 2017

17. CASH AND BANK BALANCES

₹/ crore

	Non-current		Current	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
Cash and Cash equivalents				
Cash on hand	-	-	0.05	0.04
Cheques on hand	-	-	21.95	37.20
Balances with bank:				
On Current accounts	-	-	113.65	311.70
On Cash Credit Accounts			16.65	2.89
Others				
In post office saving bank account	-	-	0.00*	0.00*
Other Bank Balances				
Deposit with original maturity for more than 12 months	0.01	-	-	-
Deposit with original maturity for more than 3 months but less than 12 months	-	-	23.79	90.77
Balances with bank:				
On unpaid dividend accounts	-	-	0.61	0.90
	0.01	-	176.70	443.50
Amount disclosed under other non current assets (Refer Note 14)	(0.01)	-	-	-
	-	-	176.70	443.50

(a) Other bank balances on deposits accounts includes:-

- Deposits pledged with the sales tax authorities	0.01	0.00*
- Held as lien by bank against bank guarantees	0.75	0.75

(b) Other bank balances as of 31st March, 2017 and 31st March, 2016 include restricted bank balances of ₹0.61 crore and ₹0.90 crore respectively. The restrictions are primarily on account of bank balances held in unclaimed dividends accounts.

(c) Deposits more than 3 months includes ₹22.69 crore (Previous year: Nil) placed as fixed deposits in an escrow account.

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended 31st March, 2017

18. REVENUE FROM OPERATIONS

₹/ crore

	2016-2017	2015-2016
Sale of products	4,205.70	4,542.45
Other operating revenues	3.32	11.78
	4,209.02	4,554.23
Less: Excise duty	460.92	453.94
	3,748.10	4,100.29
Figures for discontinuing operation	-	286.81

19. OTHER INCOME

₹/ crore

	2016-2017	2015-2016
(a) Interest Income		
- On bank and other deposits	15.79	1.60
- On loan to subsidiary company	41.48	-
- On income tax refund	1.39	2.12
(b) Dividend Income		
- from long term investments	0.08	3.92
(c) Foreign currency translation gain (net)	4.32	-
(d) Claims from insurance company	1.99	1.93
(e) Liabilities/Provision no longer required written back	49.15	27.71
(f) Sale of Power	20.13	69.44
(g) Miscellaneous income	9.53	10.56
	143.86	117.28
Figures for discontinuing operation	-	1.96

20. COST OF MATERIALS CONSUMED

₹/ crore

	2016-2017	2015-2016
Raw Materials Consumed		
Opening Stock	68.30	106.07
Purchases	901.93	1,207.55
	970.23	1,313.62
Less : Closing Stock	74.32	68.30
Less : Sale to Subsidiary	16.15	-
Less: Transferred on sale of HHC and Spun Pipes	-	0.58
	879.76	1,244.74
Raising cost of limestone [Refer Note (a) below]	124.49	124.38
	1,004.25	1,369.12
Figures for discontinuing operation	-	102.25

Notes to Financial Statements for the year ended 31st March, 2017

20. COST OF MATERIALS CONSUMED (contd.)

	₹/ crore	
	2016-2017	2015-2016
(a) Limestone raising cost include:		
Salaries, Wages, Bonus etc.	10.30	9.93
Contribution to Provident and other Funds	0.73	0.40
Contribution to Gratuity Fund (Refer Note 22a)	0.11	0.41
Workmen and Staff welfare	0.53	0.25
Dead Rent, Royalty etc.	67.26	73.09
Power and Fuel	4.21	0.22
Stores and spares parts consumed	22.39	19.95
Machinery repairs	3.92	4.15
Other repairs	0.23	0.15
Rates and taxes	0.60	0.36
Contractors-Transport	2.41	3.09
Miscellaneous	11.80	12.38
	124.49	124.38

		Quantity		₹/ crore	
		2016-2017	2015-2016	2016-2017	2015-2016
(b) Purchase of stock-in-trade comprise:					
Tyre	Nos	4,10,445	1,18,299	154.32	5.92
Tubes	Nos	4,87,606	26,66,567	26.88	45.30
Flaps	Nos	7,59,166	8,93,808	16.77	22.16
Others	-	1,23,951	-	11.68	-
				209.65	73.38

21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	₹/ crore	
	2016-2017	2015-2016
Opening Stock		
- Work - in - progress	54.54	61.81
- Finished Goods	309.38	376.54
- Stock - in - trade	-	-
	363.92	438.35
Less: Closing Stock		
- Work - in - progress	59.44	54.54
- Finished Goods	186.38	309.38
- Stock - in - trade	0.12	-
	245.94	363.92
Less: Transferred to Capital Jobs	0.86	0.57
Less: Transferred on sale of HHC and Spun Pipes	-	0.10
	117.12	73.76
Figures for discontinuing operation	-	25.20

Notes to Financial Statements for the year ended 31st March, 2017

22. EMPLOYEE BENEFITS EXPENSE

₹/ crore

	2016-2017	2015-2016
Salaries, Wages, Bonus etc.	278.98	253.66
Contribution to Provident Fund [Refer note (b) below]	17.65	17.27
Contribution to Superannuation Fund	0.20	0.48
Contribution to Labour Welfare Fund	0.15	0.23
Contribution to Gratuity Fund [Refer note (a) below]	1.99	9.31
Contribution under Employees State Insurance Scheme	1.18	1.18
Workmen and Staff Welfare	13.11	10.45
	313.26	292.58
Figures for discontinuing operation	-	96.55

(a) Gratuity

The Company operates a gratuity plan through the "KICM Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. (Also refer Note 2.12)

The Company has contributed ₹2.10 crore (2015-16 : ₹13.34 crore) towards gratuity during the year ended 31st March, 2017 in the Statement of Profit and Loss. The detail of fund and plan assets position is as follows.

The detail of fund and plan assets position are as follows.

₹/ crore

	2016-2017	2015-2016
I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation		
(a) Present Value of Obligation at the beginning of the year	93.88	84.16
(b) Current Service Cost	4.37	5.67
(c) Interest Cost	4.73	6.45
(d) Actuarial Loss / (Gain)	1.50	4.72
(e) Settlement Cost	(25.57)	-
(f) (Benefits Paid)	(10.39)	(7.12)
(g) Present Value of Obligation at the end of the year	68.52	93.88
II. Reconciliation of opening and closing balances of the fair value of Plan Assets		
(a) Fair Value of Plan Assets at the beginning of the year	80.54	83.73
(b) Assets pertains to subsidiary and other entities transferred	(25.57)	(7.44)
(c) Expected Return on Plan Assets	7.04	6.10
(d) Actuarial Gain/(Loss)	1.46	(2.60)
(e) Contributions by employer	13.34	7.87
(f) (Benefits Paid)	(10.39)	(7.12)
(g) Fair Value of Plan Assets as at the end of the year	66.42	80.54

Notes to Financial Statements for the year ended 31st March, 2017

22. EMPLOYEE BENEFITS EXPENSE (contd.)

	₹/ crore	
	2016-2017	2015-2016
III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above		
(a) Present Value of Obligation as at the end of the year	68.52	93.88
(b) Fair Value of Plan Assets as at the end of the year	66.42	80.54
(c) Liability recognised in the Balance Sheet	2.10	13.34
(d) Experience (Gain) /Loss adjustment on plan liabilities	1.50	4.72
(e) Experience Gain/(Loss) adjustment on plan assets	1.46	(2.60)
IV. Expense charged to the Statement of Profit and Loss		
(a) Current Service Cost	4.37	5.67
(b) Interest Cost	4.73	6.45
(c) (Expected Return on Plan Assets)	(7.04)	(6.10)
(d) Actuarial (Gain)/Loss	0.04	7.32
(e) Total expense charged to the Statement of Profit and Loss	2.10	13.34

V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets

	₹/ crore	
	As at 31st March, 2017	As at 31st March, 2016
(a) NAV / Interest based schemes with Insurance Companies	100.00%	100.00%
(b) Government (Central and State) Securities	0.00%	0.00%
Total	100.00%	100.00%

VI. Amount recognised in previous four years

	₹/ crore			
	2015-2016	2014-2015	2013-2014	2012-2013
(a) Present Value of Obligation as at the end of the year	93.88	84.16	81.76	80.70
(b) Fair Value of Plan Assets as at the end of the year	80.54	83.73	74.71	66.24
(c) Liability recognised in the Balance Sheet	13.34	0.43	7.05	14.46
(d) Experience (Gain) /Loss adjustment on plan liabilities	4.72	8.10	1.24	8.88
(e) Experience Gain/(Loss) adjustment on plan assets	(2.60)	6.31	0.67	0.74

	₹/ crore	
	2016-2017	2015-2016
VII. Actual Return on Plan Assets	8.50	3.50

Notes to Financial Statements for the year ended 31st March, 2017

22. EMPLOYEE BENEFITS EXPENSE (contd.)

VIII. Principal Actuarial Assumptions

	₹/ crore	
	31st March, 2017	31st March, 2016
(a) Discount Rate (per annum)	7.50%	8.00%
(b) Expected Rate of Return on Plan Assets (per annum)	7.50%	8.00%
(c) Salary Escalation	5.00%	5.00%
(d) Inflation Rate	5.00%	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is based on the portfolio of assets held, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are reasonably diversified.

(b) Provident Fund

Provident fund for certain eligible employees is managed by the Company through the "B. K. Birla Group of Companies Provident Fund Institution" and "Birla Industries Provident Fund", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Guidance on Implementing AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving employers established provident funds, which require interest shortfalls to be compensated are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation and there is no shortfall as at 31st March, 2017.

The Company has contributed ₹17.71 crore (2015-2016 : ₹17.27 crore) towards provident fund during the year ended 31st March, 2017.

	₹/ crore	
	As at 31st March, 2017	As at 31st March, 2016
(i) The detail of fund and plan assets position are as follows.		
Present Value of Obligation as at the end of the year	235.04	223.83
Fair Value of Plan Assets as at the end of the year	265.32	238.44
(ii) Principal Actuarial Assumptions		
Discount Rate (per annum)	8.65%	8.75%
Expected Rate of Return on Plan Assets (per annum)	9.50%	9.02%

Notes to Financial Statements for the year ended 31st March, 2017

23. OTHER EXPENSES

₹/ crore

	2016-2017	2015-2016
Consumption of stores and spare parts	55.88	61.64
Power and fuel [Refer Note (a) below]	613.23	681.07
Rent	41.11	27.55
Repairs and Maintenance [Refer Note (b) below]	-	
Building	6.58	5.90
Plant and Machinery	43.54	41.23
Others	4.76	3.92
Insurance	7.50	6.83
Rates and Taxes	17.53	16.97
Job working charges	11.74	342.67
Brokerage, Discounts and Claims	149.51	204.90
Packing, Carriage and Shipping [Refer Note (c) below]	872.75	707.40
Sales Promotion	56.50	66.68
Commission to selling agents	31.58	36.81
Directors' Fees	0.52	0.63
Debts/ Advances/ Deposits written off	2.05	0.31
Receivable from subsidiary written off	-	25.15
Legal & Professional expenses	49.62	81.59
Provision for doubtful debts	7.35	91.75
Provision for doubtful advance	-	9.64
Provision for diminution in value of investments	-	2.09
Payments to the auditor [Refer Note (d) below]	3.50	3.10
Guarantee commission	0.26	0.22
Loss on Fixed Assets Sold/Discarded	2.04	5.30
Loss on sale of investments	0.17	-
Excise duty [Refer Note (e) below]	(0.79)	(0.47)
Net loss on foreign currency transaction and translation (other than considered as finance cost)	-	17.17
Miscellaneous expenses [Refer Note 26]	135.95	133.98
	2,112.88	2,574.03
Figures for discontinuing operations	-	96.79
(a) Power and Fuel includes consumption of stores and spares	501.65	572.20
(b) Repair and Maintenance includes:		
(i) Consumption of stores and spares parts	5.01	5.51
(ii) Salaries and Wages	21.45	18.69
(c) Packing, carriage and shipping includes:		
(i) Consumption of stores and spares parts	52.91	55.01
(ii) Salaries and Wages	9.65	8.09

Notes to Financial Statements for the year ended 31st March, 2017

23. OTHER EXPENSES (contd.)

₹/ crore

	2016-2017	2015-2016
(d) Payment to auditor		
As Auditors :		
Audit Fees	1.81	1.80
Tax Audit Fees	0.58	0.53
Fees for issuing various certificates (including Limited Reviews)	1.05	0.77
Reimbursement of Expenses	0.06	0.00*
	3.50	3.10
(e) Represents excise duty related to the difference between the closing stock and opening stock of finished goods		
(f) Fixed Assets (Note 11) /Capital Work in Progress include consumption of stores and spares parts during the year	17.04	4.08

* Amount below rounding off norms adopted by the Company

24. FINANCE COST

₹/ crore

	2016-2017	2015-2016
Interest expenses	308.26	573.27
Other borrowing costs	11.84	93.52
Applicable net loss on foreign currency transactions and translation	2.06	10.74
	322.16	677.53
Less: Interest Capitalised included in CWIP	53.18	-
	268.98	677.53
Figures for discontinuing operations	-	0.01

25. EXCEPTIONAL ITEM

₹/ crore

	2016-2017	2015-2016
Profit from sale of undertakings [Refer Note below]	121.35	385.78
Profit from sale of Long Term Investments	-	369.57
	121.35	755.35

Exceptional items during the year represent net income of ₹121.35 crore arising out of the transfer of the ownership of Cavendish Industries Ltd to the JK.Tyre Group in the first fortnight of April 2016 after adjusting ₹44.89 crore estimated/ actual expenses related to such transfer.

Notes to Financial Statements for the year ended 31st March, 2017

26. MISCELLANEOUS EXPENSES INCLUDES

	₹/ crore	
	2016-2017	2015-2016
(i) Consumption of stores and spares parts	4.57	6.32
(ii) Payment to cost auditor	0.05	0.06

27. EARNINGS PER SHARE

	₹/ crore except as otherwise stated	
	2016-2017	2015-2016
(i) Basic		
Number of equity shares at the beginning of the year	11,72,68,650	10,97,68,650
Number of equity shares at the end of the year	11,72,68,650	11,72,68,650
Weighted average number of equity shares outstanding during the year (A)	11,72,68,650	10,97,89,142
Nominal value of each equity Share (₹)	10	10
Profit/(Loss) after Tax (₹ in crore) (B)	(124.13)	137.12
Earnings per share (Basic) (₹) (B/A)	(10.58)	12.49
(ii) Diluted		
Weighted average number of equity shares outstanding during the year	12,47,68,650	10,98,09,634
Earnings per share (Diluted) (₹)	(10.58)	12.49

28. EXPENDITURE IN FOREIGN CURRENCY DURING THE YEAR

	₹/ crore	
	2016-2017	2015-2016
Technical Service Fees	29.06	25.17
Commission, Brokerage and Discount	-	0.06
Interest	2.31	26.08
Miscellaneous (Travelling, Listing fees etc.)	16.49	19.79
	47.86	71.10

29. EARNINGS IN FOREIGN EXCHANGE DURING THE YEAR

	₹/ crore	
	2016-2017	2015-2016
Exports (excluding export to Nepal and Bhutan) of goods [F.O. B.]	180.77	165.31
	180.77	165.31

Notes to Financial Statements for the year ended 31st March, 2017

30. C.I.F VALUE OF IMPORTS

₹/ crore

	2016-2017	2015-2016
Raw Materials	211.59	253.98
Components and Spare Parts (including stores)	75.33	143.84
Capital Goods	36.70	6.60
Finished Goods	138.58	-
	462.20	404.42

31. CONTINGENT LIABILITIES

₹/ crore

	As at 31st March, 2017	As at 31st March, 2016
(a) Guarantees given -		
(i) to excise authorities	0.12	0.12
(ii) by Banks on behalf of subsidiary (excluding relating to joint venture referred to in note 35 below)	5.13	47.91
(iii) by Banks on behalf of other companies	0.26	-
(b) Claims against the Company not acknowledged as debts :		
(i) Rates, Taxes, Duties etc. demanded by various Authorities	538.59	584.34
(ii) Amount demanded by Provident Fund Authorities which is sub judice	0.87	0.87
(c) Income Tax matters	18.57	17.83
(d) ₹11.25 crore payable at the Balance Sheet date as guaranteed yield to the holders of 0.001% cumulative OCRPS of ₹100 each on the date of redemption , being 18 months from the date of allotment of such preference shares. Upon the exercise of the option to convert such OCRPS into equity shares of the Company , the guaranteed yield is expected to be taken care of by the incremental market value over the agreed value of conversion. However in the eventuality of the redemption of OCRPS , such yield will be paid as premium on redemption either from profits of the Company available which would be otherwise available for dividend or through securities premium account.		

32. CAPITAL AND OTHER COMMITMENTS

₹/ crore

	As at 31st March, 2017	As at 31st March, 2016
(a) Capital Commitments		
Estimated value of contracts in capital account remaining to be executed [net of advances ₹24.91 crore (31st March, 2016 : ₹26.81 crore)]	174.94	114.77
(b) Other Commitments		
(i) Export Commitments against purchase of imported Capital Goods under the Export.	24.18	24.70
(ii) Export Commitments against import under Advance Licence Scheme, of the Government of India.	62.63	-
(iii) Borrowing / Financial obligation not provided for	50.00	-
TOTAL	311.75	139.47

Notes to Financial Statements for the year ended 31st March, 2017

33. RESEARCH AND DEVELOPMENT EXPENDITURE

The Company has incurred ₹7.60 crore (2015-16: ₹5.56 crore) on account of Research and Development expenses which has been charged to Statement of Profit and Loss. Capital Expenditure relating to Research & Development amounting to ₹3.72 crore (2015-16: ₹8.96 crore) has been included in Fixed Assets.

₹/ crore

	2016-2017		2015-2016	
	Capital	Revenue	Capital	Revenue
Unit - Vasavadatta Cement	0.11	3.88	0.12	3.13
Unit - Kesoram Cement	0.12	1.34	-	1.40
Unit - Birla Tyre	3.49	2.38	8.84	1.03
	3.72	7.60	8.96	5.56

34. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Derivatives outstanding:

₹/ crore

Particulars	Purpose	Currency	As at		As at	
			31st March, 2017	31st March, 2016	31st March, 2016	31st March, 2016
(i) Forward Contracts to buy	Hedge against foreign borrowings	USD	1.61	104.12	-	-
(ii) Currency Swap contracts outstanding		USD	-	-	3.50	-

(b) Particulars of unhedged foreign currency exposure:

₹/ crore

	As at		As at	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
1. Amount receivable in Foreign currency				
FC amount (In EURO)	0.18	-		
INR value	12.62	-		
FC amount (In USD)	2.97	3.06		
INR value	192.73	202.65		
FC amount (In GBP)	0.00*	-		
INR value	0.02	-		
FC amount (In JPY)	3.43	-		
INR value	1.99	-		
2. Amount payable in Foreign currency				
FC amount (In EURO)	0.23	0.03		
INR value	16.17	2.27		
FC amount (In USD)	3.44	3.40		
INR value	223.15	225.17		
FC amount (In SGD)	0.03	0.02		
INR value	1.16	0.93		
FC amount (In JPY)	4.60	-		
INR value	2.67	-		

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended 31st March, 2017

35. JOINT VENTURES

The Company has the following investment in a jointly controlled entity

Name of the Joint Venture	Country of Incorporation	Proportion of ownership interest as on 31st March, 2017	Proportion of ownership interest as on 31st March, 2016
Gondkhari Coal Mining Limited [refer note 47]	India	45.46	45.46

The Company's share of each of the assets, equity & liabilities, income and expenses (each without elimination of the effect of transaction between the Company and Joint Venture) in the joint venture, based on the unaudited financial statements are as follows:

		₹/ crore	
		31st March, 2017	31st March, 2016
I ASSETS			
Tangible assets		0.00*	0.00*
Capital work in progress		-	6.41
Long term loan and advances		-	0.03
Cash and Bank balances		0.44	0.01
Short term loans and advances		-	0.00*
other current asset		6.41	0.22
		6.85	6.67
II LIABILITIES			
Long term borrowings		6.12	6.34
Other long terms liabilities		0.62	0.62
Trade payables		0.04	0.04
Other current liabilities		0.44	-
		7.22	7.00
III INCOME			
Revenue		-	-
IV EXPENSES			
Other Expenses		0.01	0.00*
Depreciation and amortisation expenses		0.00*	0.00*
V Share of Contingent Liabilities			
(Guarantees given by bank)		5.40	5.40

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended 31st March, 2017

36. LEASES

As a lessee:

Operating Lease

Rent expenditure (under Note 23) includes lease payments of ₹2.03 crore (2015-16 : ₹2.13 crore) relating to non cancellable operating lease. The leasing arrangement is for three to nine years and is in respect of office premises. The significant leasing arrangement inter alia includes option for renewal.

With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

	As at 31st March, 2017	As at 31st March, 2016
(i) not later than one year	1.95	2.00
(ii) later than one year but not later than five years	2.60	2.98
(iii) later than five years	-	1.48

With respect to Finance leases, the future minimum lease payments are as follows:

	As at 31st March, 2017	As at 31st March, 2016
(i) not later than one year	-	0.67
(ii) later than one year but not later than five years	-	-

37. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	31st March, 2017	31st March, 2016
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.73	0.75
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

The above information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company

Notes to Financial Statements for the year ended 31st March, 2017

- 38.** The business of Cygnet Industries Ltd was operated by the Company for a period of two months from 1st April, 2016 to 31st May, 2016 on behalf of Cygnet Industries Ltd. Accordingly, the related revenue and expenses in respect of these two months have been excluded from the results of the Company. The related revenue and expenses of Cygnet Industries Ltd for the above period are summarised below.

	₹/ crore
	31st March, 2017
Income from Operations	42.54
Other Operating Income	0.35
Total Expenses (Net of Other Income)	46.04
Profit/(Loss) before Taxation	(3.15)
Exceptional item	-
Profit/(Loss) after exceptional items before Taxation	(3.15)
Tax Expenses	-
Profit/(Loss) after Taxation	(3.15)

	₹/ crore	
	As at	As at
	31st March, 2017	31st March, 2016
39. Shares of Jay Shree Tea & Industries Ltd. held by the Company at face value being bonus shares remaining unclaimed, have been disposed off during the year without any consideration.	-	0.02

- 40.** The time frame of completion of expansion of 80 MT/day capacity of car radial project at Balasore is being extended to end of 2017-18.
- 41.** The time frame for grinding facility of 2.5 million MT cement per annum to be situated at Sholapur in the state of Maharashtra is being extended beyond 2017-18.

Notes to Financial Statements for the year ended 31st March, 2017

42. DETAILS OF PRE-OPERATIVE EXPENSES INCURRED RELATING TO EXPANSION/ GREENFIELD PROJECTS REFERRED TO IN NOTE 40

₹/ crore

	2016-2017				
	Up to 31st March 2016	During 2016-2017	Total	Capitalised/ transferred	Balance as on 31st March 2017
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) - (d)
Salaries, Wages, Bonus etc.	4.81	8.00	12.81	-	12.81
Contribution to Provident and Other Funds	0.36	0.25	0.61	-	0.61
Workmen and Staff Welfare	(0.00)*	0.00*	0.00*	-	0.00*
Power and Fuel	0.57	-	0.57	-	0.57
Repairs and Maintenance to Plant & Machinery	0.25	0.01	0.26	-	0.26
Rent	2.00	-	2.00	-	2.00
Rates & Taxes	0.01	1.12	1.13	-	1.13
Insurance	2.57	1.14	3.71	-	3.71
AUC - Expenses	-	94.08	94.08	-	94.08
Interest Expense	-	53.18	53.18	-	53.18
Miscellaneous Expenses	10.12	3.53	13.65	-	13.65
Total (A)	20.69	161.31	182.00	-	182.00
Electricity/Rent Receipts	0.42	2.21	2.63	-	2.63
Total (B)	0.42	2.21*	2.63	-	2.63
Net Pre-Operative Expenses (A-B)	20.27#	159.10	179.37	-	179.37#

included in capital work in progress

* Amount is below the rounding off norm adopted by the Company

₹/ crore

	2015-2016				
	Up to 31st March 2015	During 2015-2016	Total	Capitalised/ transferred	Balance as on 31st March 2016
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) - (d)
Salaries, Wages, Bonus etc.	4.12	0.69	4.81	-	4.81
Contribution to Provident and Other Funds	0.31	0.05	0.36	-	0.36
Workmen and Staff Welfare	(0.00)*	(0.00)*	(0.00)*	-	(0.00)*
Power and Fuel	0.57	-	0.57	-	0.57
Repairs and Maintenance to Plant & Machinery	0.24	0.01	0.25	-	0.25
Rent	2.00	-	2.00	-	2.00
Rates & Taxes	0.01	-	0.01	-	0.01
Insurance	1.37	1.20	2.57	-	2.57
Miscellaneous Expenses	2.24	7.88	10.12	-	10.12
Total (A)	10.86	9.83	20.69	-	20.69
Electricity/Rent Receipts	0.42	(0.00)	0.42	-	0.42
Total (B)	0.42	(0.00)*	0.42	-	0.42
Net Pre-Operative Expenses (A-B)	10.44#	9.83	20.27	-	20.27#

included in capital work in progress

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended 31st March, 2017

43. INFORMATION ABOUT BUSINESS SEGMENT

₹/ crore

	2016-2017		
	Continuing Operation		Total
	Tyres	Cement	
Segment Revenue			
Sales	1,727.18	2,468.30	4,195.48
Less: Inter-segment sales (made at cost)	-	-	-
Total	1,727.18	2,468.30	4,195.48
Other operating revenue	1.55	1.77	3.32
Unallocated Revenue	-	-	10.22
	1,728.73	2,470.07	4,209.02
Segment Results [Profit/(Loss) after considering other income and before interest and tax]	(65.98)	100.37	34.39
Interest			(257.14)
Other borrowing cost			(11.84)
Other unallocated income (net of expenditure)			112.79
Profit/(Loss) Before Tax			(121.80)
Segment Assets	1,684.72	1,786.85	3,471.57
Unallocated Assets			1,195.31
Total			4,666.88
Segment Liabilities	525.05	351.53	876.58
Unallocated Liabilities			3,495.43
Total			4,372.01
Segment Capital Expenditure	230.42	59.94	290.36
Unallocated Capital Expenditure			6.41
Total			296.77
Segment Depreciation and amortisation	25.91	80.44	106.35
Unallocated Segment Depreciation and amortisation			2.62
Total			108.97
Non cash expenditure other than depreciation and amortisation included in segment expense	22.59	2.56	25.15
Unallocated Non cash expenditure other than depreciation and amortisation included in segment expense			6.05
			31.20
Principal Items manufactured	Tyres, Tubes and Flaps	Cement	

Notes to Financial Statements for the year ended 31st March, 2017

43. INFORMATION ABOUT BUSINESS SEGMENT (contd.)

₹/ crore

	2015-2016			Sub-Total	Discontinuing Operation	Total
	Continuing Operation					
	Tyres	Cement	Others		Rayon, T.P. and Chemicals	
Segment Revenue						
Sales	2,140.04	2,402.41	-	4,542.45	322.48	4,864.93
Less: Inter-segment sales (made at cost)	-	-	-	-	-	-
Total	2,140.04	2,402.41	-	4,542.45	322.48	4,864.93
Other operating revenue	7.72	4.06	-	11.78	0.32	12.10
	2,147.76	2,406.47	-	4,554.23	322.80	4,877.03
Segment Results [Profit/(Loss) after considering other income and before interest and tax]	(388.77)	251.02	(4.22)	(141.97)	(34.49)	(176.46)
Interest				(573.27)	(0.01)	(573.28)
Other borrowing cost				(104.26)		(104.26)
Other unallocated expenditures (net of income)				991.12		991.12
Profit Before Tax				171.62	(34.50)	137.12
Segment Assets	1,594.92	1,754.08	-	3,349.00	-	3,349.00
Unallocated Assets				3,288.86		3,288.86
Total				6,637.86	-	6,637.86
Segment Liabilities	572.20	352.99	-	925.19	-	925.19
Unallocated Liabilities				5,309.58		5,309.58
Total				6,234.77	-	6,234.77
Segment Capital Expenditure	40.82	24.38	-	65.20	23.46	88.66
Unallocated Capital Expenditure				3.75		3.75
Total				68.95	23.46	92.41
Segment Depreciation and amortisation	30.60	84.51	0.67	115.78	2.47	118.25
Unallocated Segment Depreciation and amortisation				6.53		6.53
Total				122.31	2.47	124.78
Non cash expenditure other than depreciation and amortisation included in segment expense	90.66	2.85	-	93.51	0.00*	93.51
Unallocated Non cash expenditure other than depreciation and amortisation included in segment expense				20.56		20.56
				114.07	0.00*	114.07
Principal Items manufactured	Tyres, Tubes and Flaps	Cement			Viscose Filament Rayon Yarn, Cellophane Paper, Sulphuric Acid, Caustic Soda Lye, Hydrochloric Acid	

The Company operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

* Amount is below the rounding off norm adopted by the Company

Notes to Financial Statements for the year ended 31st March, 2017

44. RELATED PARTY DISCLOSURES

								₹/ crore
	Related Party	Relationship	Outstanding as at 31st March 2017	Outstanding as at 31st March 2016	Payable/ receivable/ others	Nature of Transaction	2016-2017	2015-2016
(A)	MSK Travels and Tours Ltd	I	0.01	0.58	Payable	Expenditure-Other Services	14.26	14.74
(B)	Cavendish Industries Limited*	II	-	1,350.35	Receivable	Job Work Charges	-	342.67
			-	700.05	Investment in Shares	Purchase of traded goods	-	0.62
			-	63.41	Payable	Sale of Assets & Raw Material	21.25	-
						Land Augmentation Income	162.00	-
						Severance charges	12.86	-
						Management service Income	-	4.49
(C)	Cygnet Industries Ltd **	II	529.29	-	Receivable- Loan	Interest Received	41.48	-
			28.52	-	Receivable- Interest	Sale of Trading goods	10.22	-
			30.05	-	Investment in shares	Management Service Income	2.85	-
						Rent received	0.12	-
						Reimbursement of expenses	0.87	-
						Acquisition of shares	30.00	-
						Loan given	529.29	-
(D)	Gondkhari Coal Mining Limited	III	6.15	6.15	Receivable-loan	Advance given	0.02	-
			0.62	0.62	Receivable- Interest			
			0.02	-	Receivable - Advance			
			0.02	0.02	Investment in shares			
(E)	Manjushree Khaitan (Whole-time Director)	IV	-	-		Expenditure- Remuneration	1.62	1.76
(F)	K C Jain (Manager/ Whole-time Director) @	IV	-	-		Expenditure- Remuneration	-	3.77
(G)	Tridib Kumar Das (Whole -time Director/ CFO) #	IV	-	-		Expenditure-Reimbursement	0.01	-
			-	-		Expenditure-Remuneration	3.94	-
(H)	Basant Kumar Birla	V	-	-		Expenditure- Remuneration	0.02	0.03
(I)	Anshuman Vikram Jalan	V	-	-			-	-
(J)	Jayashree Mohta	V	-	-			-	-
(K)	Vidula Jalan	V	-	-			-	-
(L)	Sarmila Das	V	-	-			-	-
(M)	Gouri Das	V	-	-			-	-
(N)	Deeptarun Das	V	-	-			-	-
(O)	Deepak Das	V	-	-			-	-
(P)	Jay Shree Tea & Industries Limited	VI	0.01	0.01	Investment in Shares	Dividend Received	0.04	0.04

* Ceased to be related party w.e.f 13.04.2016 and hence outstanding as on 31.03.2017 has not been disclosed.

Notes to Financial Statements for the year ended 31st March, 2017

44. RELATED PARTY DISCLOSURES (contd.)

** Became a subsidiary w.e.f 07.05.2016

@ Ceased to be related party w.e.f 01.04.2016

Appointed as Whole Time Director w.e.f. 01.04.2016

I	Enterprise where control exists due to Key Management Personnel
II	Subsidiary
III	Joint venture
IV	Key Management Personnel
V	Relative of Key Management Personnel
VI	Enterprise over which person referred to in V above is able to exercise significant influence.

Disclosure pursuant to Section 186(4) of The Companies Act 2013, regarding loans given, Investment made and Guarantee given are mentioned in the respective notes of Non Current Investments (refer note 12), and Non Current Loans and Advances (refer note 13) and Guarantees (refer note 31(a) and 35).

Also refer note 32(b)(iii) relating to commitments as on 31.03.2017 in respect of Cygnet Industries Ltd amounting to ₹50 crore (Previous year : NIL) for borrowing / financing obligation.

45. CONSUMPTION OF RAW MATERIALS

₹/ crore

Manufacturing Section	Class of Materials	Unit	2016-2017		2015-2016	
			Quantity	Value	Quantity	Value
Cement -						
At Basantnagar	Limestone	M.T.	8,70,000	42.07	8,45,000	36.71
	Bauxite/ Laterite/					
	Hematite	M.T.	55,407	11.11	57,655	10.39
	Gypsum	M.T.	34,875	7.55	33,561	6.88
	Fly Ash	M.T.	3,22,493	7.27	2,90,349	6.71
At Sedam	Limestone	M.T.	54,04,073	82.81	56,72,696	89.69
	Bauxite/ Laterite/					
	Hematite	M.T.	3,30,703	31.50	3,26,181	24.64
	Gypsum	M.T.	1,32,033	34.51	1,58,613	37.77
	Fly Ash	M.T.	5,41,985	34.55	5,39,670	33.71
	Slag	M.T.	-	-	-	-
Tyre	Natural Rubber	M.T.	23,357	294.16	31,637	401.10
	Synthetic Rubber	M.T.	9,818	114.40	12,996	139.98
	Carbon Black	M.T.	16,294	78.48	22,442	144.83
	Fabric	M.T.	128	3.48	6,948	177.87
	Other Chemicals and Sundries			262.36		258.84
Sub-Total				1,004.25		1,369.12

Notes to Financial Statements for the year ended 31st March, 2017

46. VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES, SPARE PARTS AND COMPONENTS CONSUMED DURING THE YEAR :

₹/ crore

	2016-2017				2015-2016			
	Raw Materials		Stores, Spare Parts & Components		Raw Materials		Stores, Spare Parts & Components	
	Value	%	Value	%	Value	%	Value	%
Imported	80.45	8.01	153.89	23.34	186.64	13.63	220.07	30.37
Indigenous	923.80	91.99	505.56	76.66	1,182.48	86.37	504.63	69.63
	1,004.25	100.00	659.45	100.00	1,369.12	100.00	724.70	100.00

47. The Company has consolidated the 2016-17 Financial Statements of Cygnet Industries Limited, its wholly owned subsidiary. The Company has no associate company within the meaning of Section 2(6) of the Companies Act, 2013. Gondkhari Coal Mining Limited ("Gondkhari"), a joint venture has not been consolidated for reasons set out below :

Gondkhari, a Special Purpose Vehicle ("SPV") was set up as a joint venture with two other partners as per directions of the Central Government to develop and operate the Gondkhari Coal Block in Maharashtra allocated to the SPV. The allocation of all coal blocks having been cancelled by the Supreme Court vide judgment dated 25th August, 2014 read with Order dated 24th September, 2014, the substratum of the SPV has consequently ceased to exist. The Company is, therefore, in discussion with its venture partners as to the future course of action.

In view of the above and regard being had to the Accounting Standard 27, the Financial Statements of Gondkhari for the year ended 31st March, 2017 have not been consolidated with that of the Company.

48. The Loan to Subsidiary company was given to Cygnet Industries Ltd, a wholly owned subsidiary company after complying with the provisions of section 186(4) of the Companies Act, 2013. The loan was given in accordance with the terms & conditions between the parties to be used by the recipient in the normal course of business. The loan is repayable on demand. The Rate of Interest on the loan is 10.50% p.a.

49. Disclosures pursuant to the Regulation 34(3) read with paragraph A of Schedule V to SEBI Listing Regulations, 2015

(i) Loans and advances in the nature of loans to subsidiary

₹/ crore

	As at 31st March, 2017	As at 31st March, 2016
Loan to subsidiary: Cygnet Industries Limited		
Balance as at the year end	557.82	-
Maximum amount outstanding at any time during the year	557.82	-

Notes to Financial Statements for the year ended 31st March, 2017

50. The details of Specified Bank Notes (SBN) held and transacted during the period 8th November 2016 to 30th December 2016 are provided in the table below:

	SBNs**	Other Denomination Notes	Total
₹/ crore			
Closing cash in hand as on 8th November 2016	0.07	0.03	0.10
(+) Permitted receipts	0.00*	0.25	0.25
(-) Permitted payments	-	(0.28)	(0.28)
(-) Amount deposited in Banks	(0.07)	-	(0.07)
(+) Amount withdrawn from bank	-	0.03	0.03
Closing cash in hand as on 30th December 2016	-	0.03	0.03

* Amount is below the rounding off norm adopted by the Company

** Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no S.O.3407(E), dated the 8th November, 2016.

51. Previous Year's figures have been regrouped or rearranged where considered necessary.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No 52340

Place: Kolkata
Date : 28th April, 2017

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice-Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Directors

Consolidated Financial Statements

Independent Auditors' Report

TO THE MEMBERS OF KESORAM INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Kesoram Industries Limited ("hereinafter referred to as the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") company (refer Note 2.2(vi) to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with 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 Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. 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 and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, 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.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, 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 March 31, 2017 and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statement of the subsidiary

whose financial statement reflect total assets of ₹566.08 crore and net assets of ₹(79.36) crore as at March 31, 2017, total revenue of ₹180.05 crore, net loss of ₹109.25 crore and net cash flows amounting to ₹24.76 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiary company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiary company is based solely on the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to the preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group— Refer Note 31 to the consolidated financial statements.
 - ii. The Group did not have any long-term contracts including derivative contracts as at March 31, 2017.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended March 31, 2017.
 - iv. The Group has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Management – Refer Note 36.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata

April 28, 2017

Annexure A to Independent Auditors' Report

Referred to in paragraph 9 (f) of the Independent Auditors' Report of even date to the members of Kesoram Industries Limited on the consolidated financial statements for the year ended March 31, 2017

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Kesoram Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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

3. 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the 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.

4. 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.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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

8. In our opinion, the Holding Company and its subsidiary company 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

Kolkata
April 28, 2017

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership Number 52340

Consolidated Balance Sheet as at 31st March, 2017

₹/ crore

	Notes	31st March, 2017
I. EQUITY AND LIABILITIES		
(1) SHAREHOLDERS' FUND		
(a) Share capital	3	124.77
(b) Reserves and surplus	4	63.81
		188.58
(2) NON CURRENT LIABILITIES		
(a) Long term borrowings	5	2,437.92
(b) Deferred tax liabilities (net)	6	-
		2,437.92
(3) CURRENT LIABILITIES		
(a) Short term borrowings	7	1,041.22
(b) Trade payables	8	
Total outstanding dues of micro enterprises and small enterprises		0.73
Total outstanding dues of creditors other than micro enterprises and small enterprises		582.87
(c) Other current liabilities	9	295.24
(d) Short term provisions	10	101.64
		2,021.70
TOTAL		4,648.20
II. ASSETS		
(1) NON CURRENT ASSETS		
(a) Fixed Assets		
(i) Tangible Assets	11	1,870.95
(ii) Intangible Assets	11	14.80
(iii) Capital work in progress		729.33
		2,615.08
(b) Non current investments	12	5.27
(c) Long Term loans and advances	13	428.27
(d) Other non current assets	14	68.62
		3,117.24
(2) CURRENT ASSETS		
(a) Current Investments	12	-
(b) Inventories	15	467.18
(c) Trade receivables	16	534.90
(d) Cash and bank balances	17	177.76
(e) Short term loans and advances	13	316.82
(f) Other current assets	14	34.30
		1,530.96
TOTAL		4,648.20
Significant accounting policies	2	

The accompanying notes are an integral part of the Consolidated financial statements.
This is the Consolidated Balance Sheet referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No 52340

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice-Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Directors

Place: Kolkata
Date : 28th April, 2017

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

₹/ crore, except per share data

	Notes	2016-2017
INCOME		
Revenue from operations (Gross)	18	4,399.81
Less: Excise Duty		484.18
Revenue from operations (Net)		3,915.63
Other Income	19	100.81
Total Revenue (I)		4,016.44
EXPENSES		
Cost of materials consumed	20	1,060.46
Purchases of stock-in-trade		209.65
Changes in inventories of finished goods and Work-in-progress	21	125.84
Employee benefits expense	22	389.85
Other expenses	23	2,183.05
Total Expenses (II)		3,968.85
Profit/(Loss) before interest, tax and depreciation and amortisation (EBITDA) [(I) - (II)]		47.59
Depreciation and amortization expenses	11	123.54
Finance costs	24	273.33
Profit/(Loss) before exceptional item and tax		(349.28)
Exceptional item (net)	25	121.35
Profit/(Loss) before tax		(227.93)
Tax Expenses:		
Current Tax (in respect of earlier year)		2.33
Deferred Tax		-
		2.33
Profit/(Loss) for the year		(230.26)
Earnings per equity share	27	
[Nominal Value per share: ₹10]		
(a) Basic - ₹		(19.64)
(b) Diluted - ₹		(19.64)
Significant accounting policies	2	

The accompanying notes are an integral part of the Consolidated financial statements.
This is the Statement of Consolidated Profit and Loss referred to in our report of even date.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No 52340

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice-Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Directors

Place: Kolkata
Date : 28th April, 2017

Consolidated Cash Flow Statement for the year ended 31st March, 2017

₹/ crore

	Year ended 31st March, 2017
A. Cash Flow From Operating Activities	
Net Profit/(Loss) before tax	(227.93)
Adjustments for:	
Depreciation and amortisation	123.54
Debt/advance/deposits written off	2.05
Provision for bad and doubtful debts	7.52
Provision for Warranty	13.77
Provision for diminution in value of investments	0.02
Finance costs	273.33
Unrealised loss/(gain) on foreign currency fluctuation	5.44
Profit on sale of undertaking	(121.35)
Loss on sale of investments	0.17
Loss on sale of fixed assets (net)	2.03
Liabilities/Provision no longer required written back	(50.31)
Interest income	(17.18)
Dividend income from long term investment (other than trade)	(0.08)
Operating profit/(loss) before working capital changes	11.02
Changes in Working Capital:	
Increase / (decrease) in trade and other payables	8.38
(Increase) / decrease in trade and other receivables	(72.98)
(Increase) / decrease in inventories	138.14
Cash Generated from Operations	84.56
Taxes paid (net of refunds)	(1.89)
Net cash generated from operating activities	82.67
B. Cash flow from Investing Activities:	
Purchase of fixed assets/Capital Advance given	(373.98)
Proceeds from Sale of fixed assets	1.90
Proceeds from sale of subsidiary	1,427.16
Purchase of long term investment	(0.05)
Proceeds from sale of Long Term Investments	1.31
Proceeds from sale of current investments	700.05
Interest received	19.69
Deposit made with bank	(0.01)
Dividend income from long term investment (other than trade)	0.08
Net cash generated from investing activities	1,776.15
C. Cash flow from Financing Activities	
Dividends paid	(0.29)
Finance cost paid	(376.08)
Proceeds from	
- Long term borrowings	950.00
- Short term borrowings	4,123.54
Repayment of	
- Long term borrowings	(2,515.50)
- Short term borrowings	(4,335.43)
Increase/(decrease) in cash credit and overdrafts from banks	3.37
Net cash used in financing activities	(2,150.39)

Consolidated Cash Flow Statement (contd.) for the year ended 31st March, 2017

₹/ crore

	Year ended 31st March, 2017
Net (decrease)/increase in cash and cash equivalents	(291.57)
Cash and cash equivalents at the beginning of the year	443.50
Cash and cash equivalents on acquisition of subsidiaries	25.83
Cash and cash equivalents at the end of the year	177.76
Notes:	
1. The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statements.	
	31st March, 2017
2. Cash and Cash Equivalents comprise :	
Cash on hand	0.05
Cheques on hand	21.95
Balances with banks on current account	114.71
Balances with banks on Cash Credit Accounts	16.65
Others	
In post office saving bank account	0.00*
Other Bank Balances:	
Balances with banks	
On deposit accounts	23.79
On unpaid dividend accounts	0.61
	177.76

* Amount is below the rounding off norm adopted by the Group

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

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No 52340

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice-Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Directors

Place: Kolkata
Date : 28th April, 2017

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

1. Basis of preparation

The Consolidated financial statements comprises of the financial statements of Kesoram Industries Limited (the Holding Company) and its subsidiary. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard 21 on "Consolidated Financial Statements".

The Consolidated Financial Statements are prepared on the following basis:

- (i) The audited financial statements of the Holding Company and its subsidiary Group have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances, intra-group transactions and unrealised profits or losses thereon have been fully eliminated.
- (ii) The excess of cost to the Holding Company Group of its investment in the subsidiary over the Holding Company's portion of equity of the subsidiary at the date it became subsidiary is recognised in the financial statements as goodwill.
- (iii) The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the Holding Company.
- (iv) The subsidiary company considered in the preparation of the Consolidated Financial Statements is:

Sl no.	Name of the Subsidiary	Country of Incorporation	Proportion of Ownership interest 31st March, 2017
1	Cygnat Industries Limited	India	100%

2. Summary of significant accounting policies

2.1 Accounting Convention

"These Consolidated financial statements have been prepared to comply in all material aspect with the applicable accounting principles in India, Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply.

Consequently, these consolidated financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

A summary of important accounting policies which have been applied consistently are set out below.

2.2 Tangible Fixed assets and Depreciation

- (a) Fixed Assets, except land, are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises of purchase cost, borrowing costs if capitalisation criteria are met and other directly attributable cost of bringing the assets to its working condition for intended use. The cost also comprises of exchange differences arising on translation /settlement of long term foreign currency monetary items pertaining to acquisition of such depreciable assets . Any trade discounts and rebates are deducted in arriving at the purchase price.
- (b) Land of Cement (at Basantnagar) unit of Holding Company Kesoram Industries Ltd as at 31st March, 1983 is stated at valuation made by the professional valuers in 1982-83 at the then current value.
- (c) Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.
- (d) Capital work in progress is stated at cost [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.8 below, incurred during construction/ installation/ pre-operative period relating to items or projects in progress.
- (e) Losses arising from the retirement of and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

- (f) Depreciation is provided on pro-rata basis using straight line method over the estimated useful lives of assets and are same as the lives prescribed under Schedule II to the Companies Act, 2013.
- (g) Leasehold land is amortised over the lease period.

2.3 Intangible fixed assets and Amortisation

Intangible fixed assets are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis over a period of three years from the date of capitalisation. Capitalisation costs include license fees and the cost of implementation/ system integration services. The Costs are capitalised in the year in which the relevant intangible asset is implemented for use.

2.4 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Premium in the form of fees paid on refinancing of loans are accounted for as an expense over the life of the loan. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.5 Impairment

Cash generating units/ assets are assessed for possible impairment at Balance Sheet date based on external and internal sources of information. Impairment losses, if any, are recognised as an expenses in Statement of Profit and Loss.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average / first-in, first-out (FIFO) basis, as considered appropriate. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Provision is made for obsolete/slow moving/defective stocks, wherever necessary.

2.8 Foreign Currency Translation /Transaction

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year end exchange rates. Gains/losses (other than relating to reporting of Long term foreign currency monetary items) arising out of fluctuations in the exchange rates are recognised in Statement of Profit and Loss in the period in which they arise. Exchange differences arising on reporting of long term foreign currency monetary items (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long term monetary asset/liability). Differences between the forward exchange rates and the exchange rates at the date of transactions are accounted for as income/expense over the life of the contracts.

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

2.9 Derivative Contracts

In respect of derivative contracts (other than forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in Foreign Exchange Rates'), gains/losses on settlement and mark to market loss/gain (net) relating to outstanding contracts as at the Balance Sheet date is recognised in the Statement of Profit and Loss.

Refer Note 2.8 above for forward exchange contracts covered under Accounting Standard 11 on 'The Effects of Changes in foreign Exchange Rates'.

2.10 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sales of goods

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are recognised net of trade discounts/allowance, sales return and sales taxes/value added tax.

2.11 Other Income

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

Dividend: Dividend income is recognised when the right to receive dividend is established.

2.12 Employee Benefits

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

Contributions towards superannuation fund, at rates specified in related approved scheme covering eligible employees, are recognised as expenses on accrual basis and funded.

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Group has no further obligations, such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on monthly basis.

In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Group. The interest rates payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and any shortfall in the fund size maintained by the Trust set up by the Group is additionally provided for.

In view of the Group's obligation to meet the shortfall, this is a defined benefit plan. The Group's liability is actuarially determined (in accordance with the Guidance Note 29 issued by The Institute of Actuaries of India) at the end of the year and any gain/loss is recognised in the Statement of Profit and Loss. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Gratuity: The Group provides gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and the tenure of employment. The Group's liability is provided and funded on the basis of year end Actuarial valuation (using the Projected Unit Credit method). Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated Absences: Accumulated compensated absences which are expected to be availed or encashed within 12 months from the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlements as at the year end.

Accumulated compensated absences which are expected to be availed or encashed beyond 12 months from the year end are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

Credit method) at the end of each year. Actuarial loss/gains are recognised in the Statement of Profit and Loss in the year in which they arise. The Group presents the entire leave as a current liability in the Balance Sheet, since it does not have a unconditional right to defer its settlement for 12 months after the reporting date.

Employees' State Insurance

Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees is recognised as charge in Statement of Profit and Loss in the year in which they arise.

2.13 Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961.

Deferred taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred taxes is measured using the tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

As at the Balance Sheet date, unless there is an evidence to the contrary, deferred tax assets pertaining to business loss are only recognised to the extent that there are deferred tax liabilities offsetting them."

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is a convincing evidence that the Group will pay normal income tax in excess of MAT during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Group will pay normal income tax during the specified period.

2.14 Research and Development Expenditure

Revenue Expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred and Capital Expenditure relating to Research and Development are included in Fixed Assets..

2.15 Government Grants

Grants of Capital nature and related to specific Fixed Assets are deducted from gross value of assets. Other grants of capital nature are credited to Capital Reserve. Grant related to revenue are recognised in the Statement of Profit and Loss on a systematic basis to match them with related costs.

2.16 Lease

Lease under which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Such assets acquired are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the Statement of Profit and Loss over the lease term.

2.17 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

2.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit/(loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit/(loss) for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit/(loss) for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

2.19 Provision and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

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

2.20 Provision for Sales related obligations

The estimated liability for sales related obligations is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. The timing of outflow will vary as and when the obligation will arise – being typically upto three years.

2.21 Segment reporting

Identification of segments

The Group's operating businesses are organised and managed separately according to the nature of products, with each segment representing a strategic business unit that offers different products and serves different markets. The Group operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

Inter-segment transfers

The Group accounts for intersegment sales and transfers at cost.

Unallocated items

Unallocated items include general corporate income and expense items which are not allocable to any business segment.

Segment accounting policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole

2.22 Use of estimates

The preparation and presentation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

3. SHARE CAPITAL

₹/ crore

	31st March, 2017
AUTHORISED	
55,00,00,000 Equity Shares of ₹10 each	550.00
1,50,00,000 Preference Shares of ₹100 each	150.00
	700.00
ISSUED, SUBSCRIBED AND PAID-UP	
11,72,68,650 Equity Shares of ₹10 each fully paid up	117.27
7,50,000 Optionally Convertible Redeemable Preference Shares of ₹100 each fully paid up	7.50
	124.77

(a) Reconciliation of the number of shares outstanding as at 31st March, 2017 is set out below:

Equity Shares

Particulars	31st March, 2017
Number of shares outstanding at the beginning of the year	11,72,68,650
Add: Shares issued during the year	-
Number of shares outstanding at the end of the year	11,72,68,650

Optionally Convertible Redeemable Preference Shares (OCRPS)

Particulars	31st March, 2017
Number of shares outstanding at the beginning of the year	7,50,000
Add: Shares issued during the year	-
Number of shares outstanding at the end of the year	7,50,000

(b) Rights, preferences and restrictions attached to shares

Equity Shares:

The Group has equity shares having a par value of ₹10 per share. All equity shareholders are entitled to one vote per share.

The Group declares and pays dividend in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in the proportion to their shareholdings.

Optionally Convertible Redeemable Preference Shares (OCRPS):

The Holding Company had issued Optionally Convertible Redeemable Preference Shares ("OCRPS") shares having a par value of ₹100 per share.

OCRPS carry a cumulative dividend of 0.001% per annum per OCRPS. Each OCRPS carry a right of conversion into 10 equity shares of the Holding Company within a time frame not exceeding 18 months of allotment. In case, OCRPS are not converted into equity shares, the Holding Company will redeem the OCRPS together with the cumulative dividend and applicable yield within a period not exceeding 18 months or such extended time as may be legally permissible based upon such term and conditions and at such price as may be mutually agreed.

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

3. SHARE CAPITAL (contd.)

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Holding Company.

Equity Shares

Sl. No.	Name of the shareholders	31st March, 2017	
		No. of shares	% age
1	Pilani Investments and Industries Corporation Limited	2,73,38,750	23.31
2	Manav Investment & Trading Co. Ltd	1,61,38,250	13.76
		4,34,77,000	37.07

Optionally Convertible Redeemable Preference Shares (OCRPS)

Sl. No.	Name of the shareholders	31st March, 2017	
		No. of shares	% age
1	IndusInd Bank Ltd.	7,50,000	100.00
		7,50,000	100.00

4. RESERVES AND SURPLUS

₹/ crore

	31st March, 2017
Capital Reserve	
(a) Development Grant/ Subsidy	0.40
(b) Amalgamation Reserve	2.91
	3.31
Capital Redemption Reserve	3.59
Securities Premium	
Balance at the beginning of the year	507.22
	507.22
Forfeiture of shares	0.00*
Revaluation Reserve	
Balance at the beginning of the year	0.13
	0.13
General Reserve	224.00
Other Reserves:	
(a) Doubtful Debts & Contingencies	0.20
(b) Share Buy Back Reserve	7.01
	7.21
Foreign Currency monetary item translation difference account	
Balance at the beginning of the year	(15.91)
Less: Reversal/ (Created) during the year	15.91
	-
Surplus/(Deficit)	
Balance at the beginning of the year	(451.23)
Add: Consequent to change in group interest	(0.16)
Add:- Profit/(Loss) for the period	(230.26)
Amount available for appropriation	(681.65)
	63.81

* Amount is below the rounding off norm adopted by the Group

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

5. LONG TERM BORROWINGS

₹/ crore

	Non current portion	Current maturities
	31st March, 2017	31st March, 2017
Secured:		
Term Loans:		
From Bank		
Indian rupee loan	2,100.00	-
From others		
Indian rupee loan	100.00	-
Unsecured:		
Deposits from selling agents and others	237.92	-
	2,437.92	-
The above amount includes:		
Secured borrowings	2,200.00	-
Unsecured borrowings	237.92	-
	2,437.92	-

(a) Repayment terms and nature of securities given for Indian rupee term loans from banks are as follows:

₹/ crore

Bank	31-Mar-17	Nature of Security	Repayment Terms
Axis Bank Ltd.	1,300.00	First pari passu charge on all movable and immovable fixed assets (both present and future, including fixed assets of the Subsidiary, excluding land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner: (a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ Base rate plus 0.75% p.a.
ICICI Bank Ltd.	200.00	First pari passu charge on all movable and immovable fixed assets (both present and future, excluding land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 28 equal quarterly instalments commencing from the 39th month from the date of disbursement. Interest is payable monthly @ Base rate plus 1.40% per annum with annual reset.
The South Indian Bank Ltd.	400.00	First pari passu charge on all movable and immovable fixed assets (both present and future, including fixed assets of the Subsidiary, excluding land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner: (a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.60% p.a.
	1,900.00	Carried over	

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

5. LONG TERM BORROWINGS (contd.)

₹/ crore

Bank	31-Mar-17	Nature of Security	Repayment Terms
The Karur Vysya Bank Ltd.	1,900.00 100.00	Brought forward First pari passu charge on all movable and immovable fixed assets (both present and future, including fixed assets of the Subsidiary, excluding land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner: (a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.05% p.a.
The Lakshmi Vilas Bank Ltd.	100.00	First pari passu charge on all movable and immovable fixed assets (both present and future) and second pari passu charge on all current assets of various units (excluding land at Solapur including Rayon assets) of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner: (a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.15% p.a.
	2,100.00		

(b) Repayment terms and nature of securities given for Indian rupee term loans from others are as follows:

₹/ crore

Financial Institution	31-Mar-17	Nature of Security	Repayment Terms
West Bengal Infrastructure Development Finance Corporation Ltd.	100.00	First pari passu charge on all movable and immovable fixed assets (both present and future, including fixed assets of the Subsidiary, excluding land at Solapur). Second pari passu charge on all current assets of the Holding Company.	Repayment in 40 unequal quarterly instalments starting from 30th April 2018 in the following manner: (a) first eight instalments of 1.25% each (b) next eight instalments of 1.875% each (c) next eight instalments of 2.50% each (d) next eight instalments of 3.125% each (e) next eight instalments of 3.75% each. Interest payable monthly @ Axis Bank Base rate plus 0.75% p.a.
	100.00		

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

6. DEFERRED TAX LIABILITIES (NET)

₹/ crore

	31st March, 2017
Deferred Tax Liabilities	
Difference between written down value of block of assets as per Income Tax Laws and book written down value of the fixed assets	299.84
A	299.84
Deferred Tax Assets	
Business losses	177.85
Items allowable for tax purpose on payment	36.72
Provision for contingencies	27.00
Others	58.27
B	299.84
C (A-B)	-

(a) During the year the Group has recognised deferred tax assets on business losses to the extent of net deferred tax liability.

(b) Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation laws.

7. SHORT TERM BORROWINGS

₹/ crore

	31st March, 2017
Secured:	
Working Capital Loan	
From Bank	
Overdraft / Cash Credit	145.00 [#]
Working capital demand loan	469.00 [#]
Commercial paper	50.00 [#]
Packing credit loan	25.94 [#]
Foreign currency loan	12.36 [#]
Unsecured:	
Term Loan	
From Bank	
Indian rupee loan	100.00
Foreign currency loan	191.35
Packing credit loan	25.94
Deposits	
Deposit from others	21.63
	1,041.22
The above amount includes:	
Secured borrowings	702.30
Unsecured borrowings	338.92
	1,041.22

[#] Secured by way of hypothecation, first charge on current assets of the Holding Company and its subsidiary. Second charge on movable and immovable fixed assets, of the Holding Company and Subsidiary. The charge on fixed assets of Subsidiary is under process of release.

Maximum amount of Commercial Paper outstanding at any point of time during the year ₹50 crore

The cash credit and working capital demand loans are repayable on demand.

Interest payable on Short Term Borrowings in respect of the Holding Company is in the range of 6.75% to 11% and in respect of its Subsidiary is @ 12.50% (except buyers credit).

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

8. TRADE PAYABLES

₹/ crore

	31st March, 2017
(a) Total outstanding dues of micro enterprises and small enterprises	0.73
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	
(i) Acceptances	107.77
(ii) Others	475.10
	583.60

9. OTHER CURRENT LIABILITIES

₹/ crore

	31st March, 2017
Interest accrued but not due on borrowings	0.86
Interest accrued and due on borrowings	17.06
Unpaid dividends	0.61
Unpaid matured deposits and interest accrued thereon	0.05
Other payables	
Advance from customers	28.62
Statutory dues	118.82
Liability for purchases of capital assets	24.25
Retention & Earnest deposits	19.29
Employee's benefits payable	20.64
Forward Contracts payable (net)	2.18
Other Payables	62.86
	295.24

- (a) There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at Balance Sheet Date other than unclaimed dividend of ₹1,60,625 pertaining to cases under litigation regarding beneficial ownership of shares.

10. SHORT TERM PROVISIONS

₹/ crore

	31st March, 2017
Provision for employee benefits	
Provision for gratuity [Refer Note 22 (a)] [Net of Advance ₹0.13 crore]	7.15
Provision for leave encashment (unfunded)	27.13
Other Provisions	
Provision for Income Tax [Net of Advance Tax ₹329.01 crore]	7.73
Provision for disputed statutory dues	11.68
Provision for Contingencies	30.00
Provision for Warranties	17.87
Provision for Fringe benefit tax	0.08
	101.64

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

11. FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTIZATION			NET BLOCK	
	As at 31st Mar, 2016	Additions during the year	Deletions during the year	Adjustments during the year	As at 31st Mar, 2017	As at 31st Mar, 2016	For the year	On Deletions during the year	As at 31st Mar, 2017
I. Tangible Assets:									
Land :									
- Freehold	168.18	-	-	-	168.18	-	-	-	168.18
- Leasehold	3.15	-	-	-	3.15	0.59	0.05	-	0.64
Buildings	292.02	14.50	-	-	306.52	57.75	12.02	-	69.77
Plant and Equipments	2,912.21	151.69	5.54	-	3,058.36	1,541.74	101.79	2.33	1,641.20
Furniture and Fixtures	22.06	0.81	0.01	-	22.86	11.15	1.49	0.01	12.63
Office Equipment	22.01	3.04	0.48	-	24.57	17.01	2.15	0.43	18.73
Vehicles	21.18	7.16	1.40	-	26.94	7.89	2.87	0.74	10.02
Others:									
- Livestock	0.10	-	0.00*	-	0.10	-	-	-	-
- Railway Siding	26.18	-	-	-	26.18	11.78	1.47	-	13.25
Assets taken on Finance Lease									
- Vehicle	0.35	-	-	-	0.35	0.02	-	-	0.02
(A)	3,467.44	177.20	7.43	-	3,637.21	1,647.93	121.84	3.51	1,766.26
II. Intangible Assets:									
Goodwill on Consolidation	-	-	-	3.15	3.15	-	-	-	-
Computer Software	28.30	3.87	0.02	-	32.15	18.81	1.70	0.01	20.50
Technical Knowhow	10.69	-	-	-	10.69	10.69	-	-	10.69
(B)	38.99	3.87	0.02	3.15	45.99	29.50	1.70	0.01	31.19
Total (A+B)	3,506.43	181.07	7.45	3.15	3,683.20	1,677.43	123.54	3.52	1,797.45

		₹/ crore
(a) Including :		31st March, 2017
(ii) Cost of assets lying with third parties		2.09
(iii) Gross Book value of revalued fixed assets		
Freehold Land		1.11
Buildings		3.19
Plant and Equipments		17.73
(b) The title deed of 24.63 acres of land amounting to ₹14.65 crore is yet to be executed in favour of the Holding Company.		

* Amount is below the rounding off norm adopted by the Group

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

12. INVESTMENTS

₹/ crore, except as otherwise stated

	Number	Face Value of each Share (₹)	31st March, 2017
NON CURRENT INVESTMENT			
(valued at cost less provision for other than temporary diminution)			
A. Long Term – Trade (Unquoted)			
Investment in Equity Instruments of Joint Venture Company (Fully paid up)			
Gondkhari Coal Mining Limited	22,730	10	0.02
Less : Provision for other than temporary diminution			0.02 -
B. Long Term - Other than Trade			
Investment in Equity Instruments (Fully paid up)			
- Unquoted			
Birla Buildings Ltd.	30,000	10	0.03
Coromandel Stampings & Stones Ltd.	10,000	10	0.00*
Kesoram Insurance Broking Services Ltd.	1,43,000	10	0.03
Calcutta Stock Exchange Association Ltd.	10,455	1	2.09
Less : Provision for other than temporary diminution			2.09 -
Meghdoot Co-operative Housing Society Ltd.	10	100	0.00*
Padmavati Investment Ltd.	7,231	10	0.55
Vasavadatta Services Ltd.	18,800	10	0.02
- Quoted			
HGI Industries Ltd.	4,96,100	10	0.00*
Jay Shree Tea & Industries Ltd.	3,88,116	5	0.01
Kesoram Textile Mills Ltd.	49,96,986	2	4.63
Vidula Chemicals & Manufacturing Industries Ltd.	44,750	10	0.06
Less : Provision for other than temporary diminution			0.06 -
			5.27
* Amount is below the rounding off norm adopted by the Company			
(a) Aggregate amount of quoted investments			4.70
(b) Aggregate amount of unquoted Investments			2.74
(c) Aggregate provision for diminution in value of investments			2.17
(d) Aggregate market value of quoted investments (excluding investments in HGI Industries Ltd., Kesoram Textile Mills Ltd., and Vidula Chemicals & Manufacturing Industries Ltd. in absence of any current quotation)			4.26

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

13. LONG/SHORT TERM LOANS AND ADVANCES

₹/ crore

	Non-current	Current
	31st March, 2017	31st March, 2017
Unsecured, considered good unless stated otherwise		
Capital advances	352.90	-
Security Deposits	31.21	-
(A)	384.11	-
Loans and advances to related parties		
Considered doubtful	6.79	-
Less: Provisions for doubtful advances	(6.79)	-
(B)	-	-
Other loans and advances		
Advances recoverable in cash or kind		
Considered Good	0.62	211.44
Considered doubtful	-	21.62
Less Provision for doubtful advances	-	(21.62)
Receivable from a body corporate	-	10.63
Prepaid Expenses	-	7.37
Loan to employees	-	3.15
Loan to other body corporate	-	4.00
Balance with statutory/government authorities	43.54	80.23
(C)	44.16	316.82
Total (A+B+C)	428.27	316.82

14. OTHER NON-CURRENT/ CURRENT ASSETS

₹/ crore

	Non-current	Current
	31st March, 2017	31st March, 2017
Non current bank balance (Refer Note 17)	0.07	-
Insurance claim	-	3.75
Interest accrued on deposits	-	0.13
Unamortised Premium on loan restructuring	68.55	6.85
Unamortised premium on forward contract	-	1.06
Others	-	22.51
Total	68.62	34.30

15. INVENTORIES

₹/ crore

	31st March, 2017
Raw Materials [Includes material in transit ₹16.17 crore]	90.74
Work-in-Progress	65.21
Finished Goods [Includes goods in transit ₹3.44 crore]	197.75
Stock-in-trade [in respect of goods acquired for trading]	0.12
Stores and Spare Parts [Includes material in transit ₹9.27 crore]	113.36
	467.18

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

16. TRADE RECEIVABLES

₹/ crore

	31st March, 2017
Outstanding for a period exceeding six months from the date they are due for payment	
Secured - Considered good	24.30
Unsecured - Considered good	26.51
Unsecured - Considered doubtful	169.11
	219.92
Less: Provision for doubtful debts	169.11
	(A) 50.81
Other debts	
Secured - Considered good	147.42
Unsecured - Considered good	336.67
	(B) 484.09
Total (A+B)	534.90

17. CASH AND BANK BALANCES

₹/ crore

	Non-current	Current
	31st March, 2017	31st March, 2017
Cash and Cash equivalents		
Cash on hand	-	0.05
Cheques on hand	-	21.95
Balances with bank:		
On Current accounts	-	114.71
On Cash Credit Accounts	-	16.65
Others		
In post office saving bank account	-	0.00*
Other Bank Balances		
Deposit with original maturity for more than 12 months	0.07	-
Deposit with original maturity for more than 3 months but less than 12 months	-	23.79
Balances with bank:		
On unpaid dividend accounts	-	0.61
	0.07	177.76
Amount disclosed under other non current assets (Refer Note 14)	(0.07)	-
	-	177.76

(a) Other bank balances on deposits accounts includes:-

- Deposits pledged with the sales tax authorities	0.05
- Held as lien by bank against bank guarantees	0.76

(b) Other bank balances as of 31st March, 2017 include restricted bank balances of ₹0.61 crore . The restrictions are primarily on account of bank balances held in unclaimed dividends accounts.

(c) Deposits more than 3 months includes ₹22.69 crore placed as fixed deposits in an escrow account.

* Amount is below the rounding off norm adopted by the Company

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

18. REVENUE FROM OPERATIONS

₹/ crore

	2016-2017
Sale of products	4,396.45
Other operating revenues	3.36
	4,399.81
Less: Excise duty	484.18
	3,915.63

19. OTHER INCOME

₹/ crore

	2016-2017
(a) Interest Income	
- On bank and other deposits	15.79
- On income tax refund	1.39
(b) Dividend Income	
- from long term investments	0.08
(c) Foreign currency translation gain (net)	4.60
(d) Claims from insurance company	1.99
(e) Liabilities/Provision no longer required written back	50.31
(f) Sale of Power	20.13
(g) Miscellaneous income	6.52
	100.81

20. COST OF MATERIALS CONSUMED

₹/ crore

	2016-2017
Raw Materials Consumed	
Opening Stock	81.49
Purchases	961.37
	1,042.86
Less : Closing Stock	90.74
Less: Sale to Subsidiary	16.15
	935.97
Raising cost of limestone [Refer Note (a) below]	124.49
	1,060.46

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

20. COST OF MATERIALS CONSUMED (contd.)

	₹/ crore
	2016-2017
(a) Limestone raising cost include:	
Salaries, Wages, Bonus etc.	10.30
Contribution to Provident and other Funds	0.73
Contribution to Gratuity Fund [Refer Note 22(a)]	0.11
Workmen and Staff welfare	0.53
Dead Rent, Royalty etc.	67.26
Power and Fuel	4.21
Stores and spares parts consumed	22.39
Machinery repairs	3.92
Other repairs	0.23
Rates and taxes	0.60
Contractors-Transport	2.41
Miscellaneous	11.80
	124.49

21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

	₹/ crore
	2016-2017
Opening Stock	
- Work - in - progress	60.99
- Finished Goods	328.79
- Stock - in - trade	-
	389.78
Less: Closing Stock	
- Work - in - progress	65.21
- Finished Goods	197.75
- Stock - in - trade	0.12
	263.08
Less: Transferred to Capital Jobs	0.86
	125.84

22. EMPLOYEE BENEFITS EXPENSE

	₹/ crore
	2016-2017
Salaries, Wages, Bonus etc.	332.86
Contribution to Provident Fund [Refer note (b) below]	22.95
Contribution to Superannuation Fund	0.20
Contribution to Labour Welfare Fund	0.15
Contribution to Gratuity Fund [Refer note (a) below]	6.59
Contribution under Employees State Insurance Scheme	1.33
Voluntary separation Scheme*	9.68
Workmen and Staff Welfare	16.09
	389.85

* The Subsidiary has launched a Voluntary Separation Scheme under which 136 employees availed it .

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

22. EMPLOYEE BENEFITS EXPENSE (contd.)

(a) Gratuity

The Group operates a gratuity plan through the "KICM Gratuity Fund". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after five years of continuous service. (Also refer Note 2.12)

The Group has contributed ₹7.29 crore towards gratuity during the year ended 31st March, 2017 in the Statement of Profit and Loss. The detail of fund and plan assets position is as follows.

The detail of fund and plan assets position are as follows.

	₹/ crore
	2016-2017
I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation	
(a) Present Value of Obligation at the beginning of the year	93.88
(b) Current Service Cost	6.72
(c) Interest Cost	6.54
(d) Actuarial Loss / (Gain)	5.60
(e) Settlement Cost	(0.60)
(f) (Benefits Paid)	(12.11)
(g) Present Value of Obligation at the end of the year	100.03
II. Reconciliation of opening and closing balances of the fair value of Plan Assets	
(a) Fair Value of Plan Assets at the beginning of the year	80.54
(b) Settlement Cost	(0.60)
(c) Expected Return on Plan Assets	8.91
(d) Actuarial Gain/(Loss)	2.66
(e) Contributions by employer	13.34
(f) (Benefits Paid)	(12.11)
(g) Fair Value of Plan Assets as at the end of the year	92.74
III. Reconciliation of the present value of Defined Benefit Obligation in 'I' above and the fair value of Plan Assets in 'II' above	
(a) Present Value of Obligation as at the end of the year	100.03
(b) Fair Value of Plan Assets as at the end of the year	92.74
(c) Liability recognised in the Balance Sheet	7.29
(d) Experience (Gain) /Loss adjustment on plan liabilities	1.50
(e) Experience Gain/(Loss) adjustment on plan assets	1.46
IV. Expense charged to the Statement of Profit and Loss	
(a) Current Service Cost	6.72
(b) Interest Cost	6.54
(c) (Expected Return on Plan Assets)	(8.91)
(d) Actuarial (Gain)/Loss	2.94
(e) Total expense charged to the Statement of Profit and Loss	7.29

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

22. EMPLOYEE BENEFITS EXPENSE (contd.)

V. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets

	₹/ crore
	As at 31st March, 2017
(a) NAV / Interest based schemes with Insurance Companies	100.00%
(b) Government (Central and State) Securities	0.00%
Total	100.00%

	₹/ crore
	2016-2017
VI. Actual Return on Plan Assets	11.57

VII. Principal Actuarial Assumptions

	₹/ crore
	31st March, 2017
(a) Discount Rate (per annum)	7.50%
(b) Expected Rate of Return on Plan Assets (per annum)	7.50%
(c) Salary Escalation	5.00%
(d) Inflation Rate	5.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The expected rate of return on plan assets is based on the portfolio of assets held, investment strategy and market scenario. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are reasonably diversified.

(b) Provident Fund

Provident fund for certain eligible employees is managed by the Group through the "B. K. Birla Group of Companies Provident Fund Institution" and "Birla Industries Provident Fund", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of their separation from the Group or retirement, whichever is earlier. The benefits vest immediately on rendering of the services by the employee.

The Guidance on Implementing AS 15, Employee Benefits (Revised 2005) issued by Accounting Standard Board (ASB) states that benefits involving employers established provident funds, which require interest shortfalls to be compensated are to be considered as defined benefit plans. The Actuarial Society of India has issued the final guidance for measurement of provident fund liabilities. The actuary has accordingly provided a valuation and there is no shortfall as at 31st March, 2017.

The Group has contributed ₹24.31 crore towards provident fund during the year ended 31st March, 2017.

	₹/ crore
	As at 31st March, 2017
(i) The detail of fund and plan assets position are as follows.	
Present Value of Obligation as at the end of the year	235.04
Fair Value of Plan Assets as at the end of the year	265.32
(ii) Principal Actuarial Assumptions	
Discount Rate (per annum)	8.65%
Expected Rate of Return on Plan Assets (per annum)	9.50%

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

23. OTHER EXPENSES

₹/ crore

	2016-2017
Consumption of stores and spare parts	75.29
Power and fuel [Refer Note (a) below]	642.71
Rent	41.77
Repairs and Maintenance [Refer Note (b) below]	
Building	7.00
Plant and Machinery	47.58
Others	6.65
Insurance	7.99
Rates and Taxes	18.53
Job working charges	11.74
Brokerage, Discounts and Claims	151.94
Packing, Carriage and Shipping [Refer Note (c) below]	875.38
Sales Promotion	58.57
Commission to selling agents	32.76
Directors' Fees	0.52
Debts/ Advances/ Deposits written off	2.05
Legal & Professional expenses	49.62
Provision for doubtful debts	7.52
Payments to the auditor [Refer Note (d) below]	3.61
Guarantee commission	0.30
Loss on Fixed Assets Sold/Discarded	2.03
Excise duty [refer Note (e) below]	(3.47)
Miscellaneous expenses [Refer Note 26]	142.96
	2,183.05
(a) Power and Fuel includes consumption of stores and spares	525.30
(b) Repair and Maintenance includes:	
(i) Consumption of stores and spares parts	5.01
(ii) Salaries and Wages	26.07
(c) Packing, carriage and shipping includes:	
(i) Consumption of stores and spares parts	52.91
(ii) Salaries and Wages	9.65
(d) Payment to auditor	
As Auditors :	
Audit Fees	1.91
Tax Audit Fees	0.59
Fees for issuing various certificates (including Limited Reviews)	1.05
Reimbursement of Expenses	0.06
	3.61
(e) Represents excise duty related to the difference between the closing stock and opening stock of finished goods	
(f) Fixed Assets (Note 11) /Capital Work in Progress include consumption of stores and spares parts during the year.	17.04

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

24. FINANCE COST

₹/ crore

	2016-2017
Interest expenses	312.61
Other borrowing costs	11.84
Applicable net loss on foreign currency transactions and translation	2.06
	326.51
Less: Interest Capitalised included in CWIP	53.18
	273.33

25. EXCEPTIONAL ITEM

₹/ crore

	2016-2017
Profit from sale of undertakings [Refer Note below]	121.35
	121.35

Exceptional items during the year represent net income of ₹121.35 crore arising out of the transfer of the ownership of Cavendish Industries Limited to the JK.Tyre Group in the first fortnight of April 2016 after adjusting ₹44.89 crore estimated/ actual expenses related to such transfer.

26. MISCELLANEOUS EXPENSES INCLUDES

₹/ crore

	2016-2017
(i) Consumption of stores and spares parts	4.57
(ii) Payment to cost auditor	0.07

27. EARNINGS PER SHARE

₹/ crore except as otherwise stated

		2016-2017
(i) Basic		
Number of equity shares at the beginning of the year		11,72,68,650
Number of equity shares at the end of the year		11,72,68,650
Weighted average number of equity shares outstanding during the year	(A)	11,72,68,650
Nominal value of each equity Share (₹)		10
Profit/(Loss) after Tax (₹ in crore)	(B)	(230.26)
Earnings per share (Basic) (₹)	(B/A)	(19.64)
(ii) Diluted		
Weighted average number of equity shares outstanding during the year		12,47,68,650
Earnings per share (Diluted) (₹)		(19.64)

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

28. CONTINGENT LIABILITIES

₹/ crore

	As at 31st March, 2017
(a) Guarantees given -	
(i) to excise authorities	0.19
(ii) by Banks on behalf of the subsidiary and others	5.39
(b) Claims against the Group not acknowledged as debts :	
(i) Rates, Taxes, Duties etc. demanded by various Authorities	539.85
(ii) Amount demanded by Provident Fund Authorities which is sub judice	0.87
(c) Income Tax matters	18.57
(d) ₹11.25 crore payable at the Balance Sheet date as guaranteed yield to the holders of 0.001% cumulative OCRPS of ₹100 each on the date of redemption , being 18 months from the date of allotment of such preference shares. Upon the exercise of the option to convert such OCRPS into equity shares of the Holding Company, the guaranteed yield is expected to be taken care of by the incremental market value over the agreed value of conversion. However in the eventuality of the redemption of OCRPS , such yield will be paid as premium on redemption either from profits of the Holding Company available which would be otherwise available for dividend or through securities premium account.	

29. CAPITAL AND OTHER COMMITMENTS

₹/ crore

	As at 31st March, 2017
(a) Capital Commitments	
Estimated value of contracts in capital account remaining to be executed [net of advances ₹25.35 crore]	179.18
(b) Other Commitments	
(i) Export Commitments against purchase of imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India.	24.18
(ii) Export Commitments against import under Advance Licence Scheme, of the Government of India.	62.63
(iii) Borrowing/Financing obligation not provided for	50.00
TOTAL	315.99

30. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

(a) Derivatives outstanding:

₹/ crore

Particulars	Purpose	Currency	As at 31st March, 2017	
(i) Forward Contracts to buy	Hedge against foreign borrowings	USD	1.61	104.12
(ii) Forward Contracts to sell	Hedge against highly probable forecast transaction	USD	-	-

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

30. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE (contd.)

(b) Particulars of unhedged foreign currency exposure:

	₹/ crore
	As at 31st March, 2017
1. Amount receivable in Foreign currency	
FC amount (In EURO)	0.18
INR value	12.80
FC amount (In USD)	2.97
INR value	192.73
FC amount (In GBP)	0.00*
INR value	0.02
FC amount (In JPY)	3.43
INR value	1.99
2. Amount payable in Foreign currency	
FC amount (In EURO)	0.24
INR value	17.09
FC amount (In USD)	3.62
INR value	235.13
FC amount (In SGD)	0.03
INR value	1.16
FC amount (In JPY)	4.60
INR value	2.67

* Amount is below the rounding off norm adopted by the Group

31. LEASES

As a lessee:

Operating Lease

Rent expenditure (under Note 23) includes lease payments of ₹2.03 crore relating to non cancellable operating lease. The leasing arrangement is for three to nine years and is in respect of office premises. The significant leasing arrangement inter alia includes option for renewal.

With respect to non-cancellable operating leases, the future minimum lease payments are as follows:

	₹/ crore
	As at 31st March, 2017
(i) not later than one year	1.95
(ii) later than one year but not later than five years	2.60
(iii) later than five years	-

With respect to Finance leases, the future minimum lease payments are as follows:

	₹/ crore
	As at 31st March, 2017
(i) not later than one year	-
(ii) later than one year but not later than five years	-

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

32. DETAILS OF PRE-OPERATIVE EXPENSES INCURRED RELATING TO EXPANSION/ GREENFIELD PROJECTS

₹/ crore

	2016-2017				
	Up to 31st March 2016	During 2016-2017	Total	Capitalised/ transferred	Balance as on 31st March 2017
	(a)	(b)	(c) = (a) + (b)	(d)	(e) = (c) - (d)
Salaries, Wages, Bonus etc.	4.81	8.00	12.81	-	12.81
Contribution to Provident and Other Funds	0.36	0.25	0.61	-	0.61
Workmen and Staff Welfare	(0.00)*	0.00*	0.00*	-	0.00*
Power and Fuel	0.57	-	0.57	-	0.57
Repairs and Maintenance to Plant & Machinery	0.25	0.01	0.26	-	0.26
Rent	2.00	-	2.00	-	2.00
Rates & Taxes	0.01	1.12	1.13	-	1.13
Insurance	2.57	1.14	3.71	-	3.71
AUC - Expenses	-	94.08	94.08	-	94.08
Interest Expense	-	53.18	53.18	-	53.18
Miscellaneous Expenses	10.12	3.53	13.65	-	13.65
Total (A)	20.69	161.31	182.00	-	182.00
Electricity/Rent Receipts	0.42	2.21	2.63	-	2.63
Total (B)	0.42	2.21	2.63	-	2.63
Net Pre-Operative Expenses (A-B)	20.27[#]	159.10	179.37	-	179.37[#]

included in capital work in progress

* Amount is below the rounding off norm adopted by the Group.

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

33. INFORMATION ABOUT BUSINESS SEGMENT

₹/ crore

	2016-2017			
	Continuing Operation			Total
	Tyres	Cement	Rayon, T.P. and Chemicals	
Segment Revenue				
Sales	1,727.18	2,468.30	200.97	4,396.45
Less: Inter-segment sales (made at cost)	-	-	-	-
Total	1,727.18	2,468.30	200.97	4,396.45
Other operating revenue	1.55	1.77	0.04	3.36
	1,728.73	2,470.07	201.01	4,399.81
Segment Results [Profit/(Loss) after considering other income and before interest and tax]	(65.98)	100.37	(47.93)	(13.54)
Interest				(261.49)
Other borrowing cost				(11.84)
Other unallocated income (net of expenditure)				58.94
Profit/(Loss) Before Tax				(227.93)
Segment Assets	1,684.72	1,786.85	566.08	4,037.65
Unallocated Assets				610.55
Total				4,648.20
Segment Liabilities	525.05	351.53	87.61	964.19
Unallocated Liabilities				3,495.43
Total				4,459.62
Segment Capital Expenditure	230.42	59.94	18.75	309.11
Unallocated Capital Expenditure				6.41
Total				315.52
Segment Depreciation and amortisation	25.91	80.44	14.57	120.92
Unallocated Segment Depreciation and amortisation				2.62
Total				123.54
Non cash expenditure other than depreciation and amortisation included in segment expense	22.59	2.56	0.17	25.32
Unallocated Non cash expenditure other than depreciation and amortisation included in segment expense				6.05
				31.37
Principal Items manufactured	Tyres, Tubes and Flaps	Cement	Viscose Filament Rayon Yarn, Cellophane Paper, Sulphuric Acid, Caustic Soda Lye, Hydrochloric Acid	

The Group operates predominantly within the geographical limits of India and accordingly secondary segments have not been considered.

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

34. RELATED PARTY DISCLOSURES

						₹/ crore
	Related Party	Relationship	Outstanding as at 31st March 2017	Payable/ receivable/ others	Nature of Transaction	2016-2017
(A)	MSK Travels and Tours Ltd	I	0.01	Payable	Expenditure-Other Services	14.26
(B)	Cavendish Industries Limited*	II	-	-	Sale of Assets & Raw Material	21.25
					Land Augmentation Income	162.00
					Severance Charges	12.86
(C)	Gondkhari Coal Mining Limited	III	6.15	Receivable-loan	Advance Given	0.02
			0.62	Receivable-Interest		
			0.02	Receivable - Advance		
			0.02	Investment in shares		
(D)	Manjushree Khaitan (Whole-time Director)	IV	-	-	Expenditure- Remuneration	1.62
(E)	Tridib Kumar Das (Whole -time Director/CFO)#	IV	-	-	Expenditure- Reimbursement	0.01
					Expenditure- Remuneration	3.94
(F)	Basant Kumar Birla	V	-	-	Expenditure- Remuneration	0.02
(G)	Anshuman Vikram Jalan	V	-	-		-
(H)	Jayashree Mohta	V	-	-		-
(I)	Vidula Jalan	V	-	-		-
(J)	Sarmila Das	V	-	-		-
(K)	Gouri Das	V	-	-		-
(L)	Deeptarun Das	V	-	-		-
(M)	Deepak Das	V	-	-		-
(N)	Jay Shree Tea & Industries Limited	VI	0.01	Investment in shares	Dividend Received	0.04

* Ceased to be related party w.e.f 14.04.2016 and hence outstanding as on 31.03.2017 has not been disclosed.

Appointed as Whole Time Director w.e.f. 01.04.2016

I	Enterprise where control exists due to Key Management Personnel
II	Subsidiary
III	Joint venture
IV	Key Management Personnel
V	Relative of Key Management Personnel
VI	Enterprise over which person referred to in V above is able to exercise significant influence.

35 The The Group has consolidated the Financial Statements of Cygnet Industries Limited, its wholly owned subsidiary, for the year 2016-17 .

The Group has no associate company within the meaning of Section 2(6) of the Companies Act, 2013. Gondkhari Coal Mining Limited ("Gondkhari"), a joint venture has not been consolidated for reasons set out below :

Gondkhari, a Special Purpose Vehicle ("SPV") was set up as a joint venture with two other partners as per directions of the Central Government to develop and operate the Gondkhari Coal Block in Maharashtra allocated to the SPV. The allocation of all coal blocks having been cancelled by the Supreme Court vide judgment dated 25th August, 2014 read with Order dated 24th September, 2014, the substratum of the SPV has consequently ceased to exist. The Group is, therefore, in discussion with its venture partners as to the future course of action.

In view of the above and regard being had to the Accounting Standard 27, the Financial Statements of Gondkhari for the year ended 31st March, 2017 have not been consolidated with that of the Group.

Consolidated Notes to Financial Statements for the year ended 31st March, 2017

36 DISCLOSURE OF SBN DURING DEMONITISATION PERIOD

The details of Specified Bank Notes (SBN) held and transacted during the period 8th November 2016 to 30th December 2016 are provided in the table below:

	SBNs**	Other Denomination Notes	₹/ crore Total
Closing cash in hand as on 8th November 2016	0.07	0.03	0.10
(+) Permitted receipts	0.00*	0.28	0.28
(-) Permitted payments	-	(0.30)	(0.30)
(-) Amount deposited in Banks	(0.07)	-	(0.07)
(+) Amount withdrawn from bank	-	0.03	0.03
Closing cash in hand as on 30th December 2016	-	0.04	0.04

* Amount is below the rounding off norm adopted by the Group

** Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no S.O.3407(E), dated the 8th November, 2016.

37 Additional information pursuant to the requirement of Schedule III to the Companies Act 2013, of enterprises consolidated for preparation of the consolidated financial statements.

SI No	Name of the entity	2016-17			
		Net Assets	As a % of consolidated net assets	Net Profit / (Loss)	As a % of consolidated net Profit / (Loss)
1	Holding Company	294.87	156.36	(124.13)	53.90
	Kesoram Industries Limited				
2	Subsidiary	(79.36)	(42.08)	(109.25)	47.45
	Cygnnet Industries Limited				
	Total Eliminations	(26.93)	(14.28)	3.12	(1.35)
	Total	188.58	100.00	(230.26)	100.00

38 As the Consolidated Financial Statements have been prepared for the first time for the year ended 31st March, 2017 no figures for previous year are applicable.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

Prabal Kr. Sarkar
Partner
Membership No 52340

Tridib Kumar Das
Whole-time Director &
Chief Financial Officer

Gautam Ganguli
Company Secretary

Basant Kumar Birla
Chairman

Manjushree Khaitan
Executive Vice-Chairperson

Amitabha Ghosh
Kashi Prasad Khandelwal
Sudip Banerjee
Lee Seow Chuan
Vinay Sah

Directors

Place: Kolkata
Date : 28th April, 2017

Notes

Notes

Glimpses of Corporate Social Responsibility Activities



◀ Health check-up camp



▼ Pulse polio camp



▲
Eye camp



▲ Dental check-up camp

Glimpses of Corporate Social Responsibility Activities



◀ Computer training



▼ Handicraft training



▲ Knitting training



▲ Tailoring training



The Group Logo - *As represented by the 21st Century Atlas*

Atlas, the Titan - *Collective Strength*

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management while emphasizing the Group's tenacity, consistency, reliability and overall leadership.

The Sun - *Enlightenment and Growth*

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments - *Diversified Activities*

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

The Globe - *Global Vision*

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base - *Solid Foundations*

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry - *The Resilience, Versatility and Stability*

Seen in its entirety, each of the elements - Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

Strong Foundation

Sustained Growth

Proven Leadership



kesocorp.com