KESORAM
www.kesocorp.com

Ref.No.: KIL/SS/SE/2019-20

Dated : 25.06.2019

The Secretary
The Calcutta Stock Exchange Ltd.
7, Lyons Range
Kolkata - 700 001

The Secretary
BSE Limited
Deptt. of Corporate Services
(Listing Department)
Rotunda Building, P.J. Towers
Dalal Street, Fort
Mumbai 400 001

The Asst. Vice-President
National Stock Exchange of India Ltd.
"Exchange Plaza"
Bandra-Kurla Complex
Bandra (E)
Mumbai 400 051

Dear Sir,

Report and Accounts for the financial year ended 31st March, 2019

We enclose a copy of the Report and Accounts of the Company for the financial year ended 31st March, 2019 together with the Notice dated 15th May, 2019 convening the 100th Annual General Meeting of the Company on 26th July, 2019 at Kolkata, in terms of Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Thanking you,

Yours faithfully,
For Kesoram Industries Limited

Suresh Sharma
Authorised Signatory

Encl: As above

P + 91 33 2243 5453, 2242 9454
+ 91 33 2248 0764, 2213 0441
F + 91 33 2210 9455
E : corporate@kesoram.net

Kesoram Industries Limited
Registered & Corporate Office
9/1 R.N. Mukherjee Road, Kolkata - 700 001
CIN - L17119WB1919PLC003429

B K BIRLA GROUP OF COMPANIES

100 YEARS

Annual Report & Accounts 2019

KESORAM

KESORAM INDUSTRIES LTD.

CHAIRMAN'S MESSAGE

Your Company has now entered its Centenary Year. Looking back, we have seen significant growth and survived sporadic periods of financial stress. We have ended F Y 2018-19 on an optimistic note despite slowing down of Indian manufacturing. We hope this upside will continue with the initiatives being undertaken.

I thank my colleagues on the Board, employees, and all other stakeholders for providing support during this long journey of our Company.

Basant Kumar Birla

B.K. BIRLA GROUP OF COMPANIES

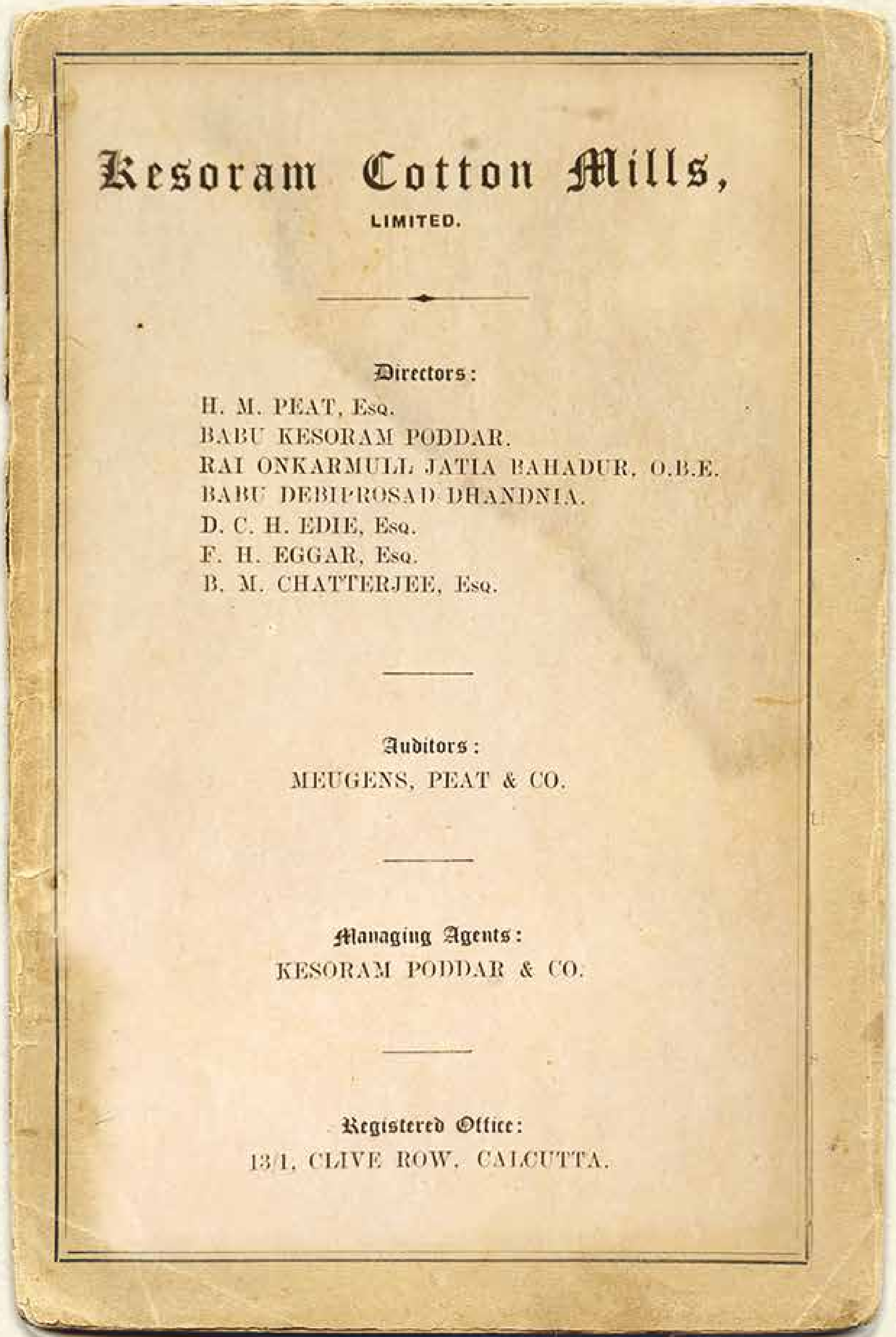
KESORAM

BIRLA TYRES
Unbeatable!
IT'S TIME TO ROLL

BIRLA SHAKTI CEMENT
Trusted Technology - Solid Strength

KESORAM RAYON
Discover the tapestry of life

From The First Annual Report



Kesoram Cotton Mills,

LIMITED.

Directors:

H. M. PEAT, Esq.
BABU KESORAM PODDAR.
RAI ONKARMULL JATIA BAHADUR, O.B.E.
BABU DEBIPROSAD DHANDNIA.
D. C. H. EDIE, Esq.
F. H. EGGAR, Esq.
B. M. CHATTERJEE, Esq.

Auditors:

MEUGENS, PEAT & CO.

Managing Agents:

KESORAM PODDAR & CO.

Registered Office:

13/1, CLIVE ROW, CALCUTTA.

From The First Annual Report

Kesoram Cotton Mills,

LIMITED.

Notice is hereby given that the First Ordinary General Meeting of Shareholders will be held at the Registered Office of the Company, 13/1, Clive Row, Calcutta, on Wednesday, the 9th June, 1920, at 3 P.M., to receive and pass the Directors' Report and Accounts for the half-year ended 31st March, 1920, and to transact any other ordinary business of the Company.

The Transfer Register will be closed from 27th instant to 9th June, 1920, both days inclusive.

By order of the Directors,

KESORAM PODDAR & CO.,
Managing Agents.

Calcutta, 10th May, 1920.

Oldest Surviving Machine

First Cement Mine

BOARD OF DIRECTORS

Basant Kumar Birla, *Chairman*
DIN 00055856

Manjushree Khaitan, *Executive Vice Chairperson*
DIN 00055898

Amitabha Ghosh
DIN 00055962

Lee Seow Chuan
DIN 02696217

Siddhartha Mohanty
DIN 08058830

Kashi Prasad Khandelwal
DIN 00748523

Jikyeong Kang
DIN 08045661

Sudip Banerjee
DIN 05245757

Chander Kumar Jain
Whole-time Director
DIN 08125968

P. Radhakrishnan
Chief Financial Officer

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

Auditors

Messrs. Deloitte Haskins & Sells
Chartered Accountants

Share Transfer Agents

MCS Share Transfer Agent Limited,
(Unit: Kesoram Industries Ltd.)
383 Lake Gardens, 1st Floor,
Kolkata – 700045
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

TO THE MEMBERS

NOTICE is hereby given that the **One Hundredth Annual General Meeting (AGM)** of **KESORAM INDUSTRIES LIMITED** will be held at 11.00 A.M. on Friday, 26th day of July, 2019 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, 2019 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, 2019 and the Report of Auditors thereon.
2. To appoint a Director in place of Siddhartha Mohanty (DIN: 08058830), who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business:

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

3. "**RESOLVED THAT** pursuant to the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, this Meeting hereby confirms and ratifies a remuneration of ₹6.05 Lakhs (excluding applicable Taxes and reimbursement of actual travelling and other out of pocket expenses) payable to Mani & Co. Cost Accountants for conducting the audit of the Company's cost accounting records for the Financial Year 2018 - 19."

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

4. "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") the Rules framed thereunder, and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Kashi Prasad Khandelwal (DIN: 00748523), be and is hereby re-appointed an Independent Director for a second term of 5 (Five) years from the conclusion of the Company's One Hundredth Annual General Meeting to the conclusion of the Company's One Hundred and Fifth Annual General Meeting."
5. "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (''the Act") the Rules framed thereunder, and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Sudip Banerjee (DIN: 05245757), be and is hereby re-appointed an Independent Director for a second term on 5 (Five) years from the conclusion of the Company's One Hundredth Annual General Meeting to the conclusion of the Company's One Hundred and Fifth Annual General Meeting."
6. "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 (''the Act") the Rules framed thereunder, and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Amitabha Ghosh (DIN: 00055962), be and is hereby re-appointed an Independent Director for a second term of 5 (Five) years from the conclusion of the Company's One Hundredth Annual General Meeting to the conclusion of the Company's One Hundred and Fifth Annual General Meeting.
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, the consent of the Company be and is hereby accorded to the re-appointment of Manjushree Khaitan (DIN: 00055898) as a Whole-time Director, designated Executive Vice Chairperson or such other designation as may be decided by the Board, for a further period of three years effective 5th February, 2020 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 Act.

   (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 her 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 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 month 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."

8. "**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 re-appointment of Chander Kumar Jain ("C K Jain") (DIN: 08125968) as a Whole-time Director of the Company, for a further period of one year effective 4th May, 2019 and payment of remuneration to him for this period, upon the terms of remuneration set out herein below:

(a) Basic Salary & Allowances: Not exceeding ₹258 lakhs per annum 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 Act .

(b) Car with chauffeur for official use only and extension of communication facilities in the form of wi-fi and telephone, including cell phone for official purposes will not be reckoned as remuneration.

(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 his 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 the appointment shall be terminable:

(a) by efflux of time; or

(b) by one party serving the other a three month 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
15th May, 2019

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 / Association of Persons (AoP) must be supported by an appropriate Resolution/Authority, as applicable.

2. The Register of Members shall remain closed from 20th July, 2019 to 26th July, 2019, *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. **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. 19th July, 2019**, 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 address proof i.e. Voter Identity Card, Aadhaar Card, Electric/Telephone Bill, Driving License, Passport and Bank Statement to the **Share Department of the Company / Registrars and Share Transfer Agents**. 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 / Registrars and Share Transfer Agents**.

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 / Registrars and Share Transfer Agents** 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 / Registrars and Share Transfer Agents** where shares are held in physical form.

   b) Email addresses of Members as advised to the **Share Department of the Company / Registrars and Share Transfer Agents** 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 address for serving Company documents / notices as per provisions of the Act and the instructions of the Ministry of Corporate Affairs until and unless otherwise informed. 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 / Registrars and Share Transfer Agents** enclosing the relevant Share Certificates requesting consolidation of such Folios into one Folio for their own convenience.

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. Forms can be obtained from the **Share Department of the Company / Registrars and Share Transfer Agents 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 Act, dividends for the financial year ended 31st March, 2012 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, 2012 or any subsequent Financial Year(s) are urged to claim such amount from the **Share Department of the Company/Registrars and Share Transfer Agents**.

    b) Pursuant to the provisions of the 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 13 th July, 2018 (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 Act, and of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 340251 Equity Shares in respect of which dividend had not been paid or claimed by a Member for seven consecutive years, to the Demat Account of the Investor Education and Protection Fund Authority. The Company had sent a communication **to all Members concerned** and had also published a Notice in leading Newspapers both in English and in the local language, with respect to the formalities and process of such transfer. The Company had also uploaded full details of such Members, whose dividend remained unclaimed on its website **www.kesocorp.com**.

    d) Members/claimants whose shares, unclaimed dividend etc. have been transferred to the Fund may claim their shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on *iepf.gov.in*) along with the requisite fees. A 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 is received verified and actioned upon, as per Para E in Schedule VI of the 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
31st March, 2012	11th July, 2012	9th August, 2019
31st March, 2013	31st July, 2013	2nd September, 2020

14. a) Electronic copy of the Annual Report 2018-19, 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 addresses are registered with the Company's Registrars & Share Transfer Agents/Depository Participant(s), for communication purposes unless a Member has specifically requested for a hard copy of the same. For Members who have not registered their email addresses, physical copies of the Annual Report 2018 – 19, 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/ Authority, pursuant to Section 113 of the Act, authorising their representative to attend and vote at the ensuing Annual General Meeting.**

    c) Members desirous of getting any information in relation to the Company's Annual Report 2018 - 19 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 ensuing Annual General Meeting.

15. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) for all securities market transactions. Thereafter, it was clarified vide Circular no. MRD/DOP/Cir-05/2009 dated 20th May, 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 their PAN Card to the **Share Department of the Company / Registrars and Share Transfer Agents** for registration of transfer of shares. SEBI, on 28th March, 2018, decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository. This measure has finally come into force from 1st April 2019. 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 / Registrars and Share Transfer Agents**.

16. **As per requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, particulars relating to appointment and re-appointment 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 Tuesday, 23rd July, 2019** and ends at **5.00 P.M. on Thursday, 25th July, 2019**. 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. **19th July, 2019,** may cast their votes electronically. The e-Voting module shall be disabled by NSDL thereafter. The facility for voting through Ballot Paper shall be made available at the Meeting to Members attending the Meeting, who despite being eligible have not cast their vote through remote e-Voting .

B. Instructions and information relating to e-voting are as follows:

Step 1: Log-in to NSDL e-Voting system at **https://www.evoting.nsdl.com/**

i) Visit the e-Voting website of NSDL. Open the web browser by typing the following URL: **https://www.evoting.nsdl.com/** either on a Personal Computer or on a mobile.

ii) Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.

iii) A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at **https://eservices.nsdl.com/** with your existing IDEAS login. Once you log-in to NSDL e-services, after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. cast your vote electronically.

iv) Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

v) Your password details are given below:

   a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      I. If your e-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

      II. If your e-mail ID is not registered, your 'initial password' is communicated to you on your postal address.

vi) If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on **www.evoting.nsdl.com**.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

vii) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

viii) Now, you will have to click on "Login" button.

ix) After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on the NSDL e-Voting system

i) After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

ii) After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

iii) Select "EVEN" of company for which you wish to cast your vote.

iv) Now you are ready for e-Voting as the Voting page opens.

v) Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

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

vii) You can also take a printout of the votes cast by you by clicking on the print option on the confirmation page.

viii) Once you confirm your vote on the Resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutiniser by e-mail to *banerjeesalil@rediffmail.com* with a copy marked to evoting@nsdl.co.in.

2 It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.

3 In case of any query, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at *evoting@nsdl.co.in*

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 their login ID and password by sending a request at evoting@nsdl.co.in or sharedepartment@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 her / his password, s/he can reset her / 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 at venue of AGM and remote e-Voting processes to be conducted in a fair and transparent manner.

21. The Chairperson shall, at the end of discussions on all Resolutions on which voting is 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 48 hours of the conclusion of the AGM, a consolidated Scrutiniser’s Report of the total votes cast in favour or against, if any, to the Chairperson of the Meeting or a person authorised by him / her 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 results. 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 in favour, 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 enclosed with the Annual Report 2018-19.

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

Item Number 3

Upon the recommendation of the Audit Committee, the Board had appointed Mani & Co., Cost Accountants, to audit the Company's cost accounting records for the Financial Year ended 31st March, 2019 at a total remuneration of ₹6.05 lakhs, excluding taxes and reimbursement of actual out of pocket expenses, in respect of the Company's 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. 3 of the Notice convening the Company's One Hundredth 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 has 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 4, 5 and 6

K P Khandelwal, Sudip Banerjee and Amitabha Ghosh were appointed Independent Non-Executive Directors of the Company at the Ninety-fifth Annual General Meeting (AGM) for a period of five consecutive years commencing from the conclusion of the said AGM till the conclusion of the Company's One Hundredth AGM.

As per Section 149(10) of the Act, an Independent Director can be on the Board of a company for a term of five years, but was eligible for re-appointment for another five year term subject to approval by special resolution.

Based upon the recommendations of the Board's Nomination and Remuneration Committee and as approved by the Board, K P Khandelwal, Sudip Banerjee and Amitabha Ghosh, being eligible for re-appointment as Independent Directors and having offered themselves for re-appointment, are proposed for re-appointment as Independent Directors for a second term of five years from the conclusion of the Company's One Hundredth AGM till the conclusion of the Company's One Hundred and Fifth AGM.

The Board considers it desirable that the expertise of the three persons concerned should continue to be available. All three have considerable expertise in their areas of specialisation and thus continued availability of their advice and guidance will benefit the Board. Accordingly, it commends to Shareholders, the approval by special resolution of the appointments of Messrs. Khandelwal, Banerjee and Ghosh. The requisite notices under Section 160 of the Act have been received from share holders proposing the above persons as Directors.

The Company has received the requisite declarations confirming that the above persons meet the criteria of independence as per 149(6) of the Act and the applicable SEBI Regulations.

In the opinion of the Board, all three Directors fulfill the conditions specified under Section 149(6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for re-appointment as Independent Non-Executive Directors and are independent of the management.

Brief particulars as per the provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 of Messrs. Khandelwal, Banerjee and Ghosh are incorporated in the Report on Corporate Governance.

General body approval has also been received by the Company through Postal Ballot for Mr. Ghosh's (who is over 75 years of age) continuance as a Director effective 1st April, 2019.

The Company and its Independent Directors will abide by the provisions specified in Schedule IV of the Act, and be governed and guided by the guidelines of professional conduct, role and functions, duties, manner of appointment, re-appointment, resignation or removal, separate meetings and evaluation mechanism as provided therein. Their appointment once made at the Meeting shall be formalised through a letter of appointment, which will set out amongst others:

(a) the term of appointment;

(b) the expectation of the Board from the concerned person; the Board-level Committee(s) in which he is expected to serve and its tasks;

(c) the fiduciary duties that come with such appointments along with accompanying liabilities;

(d) provision for Directors and Officers (D & O) insurance, if any;

(e) the Code of Business Ethics that the Company expects its Directors and employees to follow;

(f) a list of actions that a Director should not do while functioning as such in the Company; and

(g) the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Board and other Meetings and profit related commissions, if any.

Formal letters of appointment will be issued to each Independent Director upon the general body agreeing to the re-appointment. The terms and conditions of such re-appointment shall be open for inspection at the Registered Office of the Company by any Member during 11.00 AM to 4.00 PM, Monday to Friday, and shall also be posted on the Company's website.

Messrs. Khandelwal, Banerjee and Ghosh should be deemed concerned or interested in the particular Resolution seeking to re-appoint each of them. No other Director / Key Managerial Personnel or any relative of the Directors or Key Managerial Personnel has any concern or interest in the Resolutions. The passing of the Resolutions also do not relate to or affect any other company.

Item Number 7

Manjushree Khaitan's (DIN:00055898) present appointment as a Whole-time Director will end owing to efflux of time as at close of business on 4th February, 2020. Item No. 7 of the Notice convening the One Hundredth AGM pertains to her re-appointment as a Whole-time Director, for a period of three years from 5th February 2020, designated Executive-Vice Chairperson, or such other designation as the Board may choose to give her from time to time.

In view of the above, the Board, based upon a recommendation of its Nomination and Remuneration Committee proposes general body approval by 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 further period of three years. No increase in remuneration from what she is drawing at present is recommended and her remuneration will be within the parameters indicated in the text of the proposed Resolution incorporated in Item No. 7. 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 30th October, 1998. She holds 7,20,158 Equity Shares of the Company being 0.505% 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 on Corporate Governance.

Manjushree Khaitan, not being a retiring Director by rotation, has been duly proposed by a Member under Section 160 of the Companies Act, 2013.

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 the Nomination and Remuneration Committee as well as the Board;

ii. the Company has not defaulted in the payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor;

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 at present in the business of manufacturing and marketing Cement and Tyres.

(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. The Tyre plant was commissioned 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	31.03.2019 (₹ / crores)
Gross Revenue from operations	3988.31
Profit/(Loss) before Exceptional items & Tax	(266.20)
Exceptional Items	-
Profit/(Loss) before Tax	(266.20)
Tax Expenses	(11.95)
Profit/(Loss) for the Year	(254.25)
Equity Share Capital	142.59

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

II. Information about the appointee:

(1) Background details: A Post Graduate in English Literature, she has attended Executive Development Programmes at the London Business School, U.K. and IMD, Switzerland. She joined the Company's Board on 30th October, 1998. She has been associated with plantations and various manufacturing units for nearly three decades.

(2) Past remuneration: ₹2.94 Crores per annum as on 31st March, 2019.

(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 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 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 for loss or inadequate profits:

The Company's Earnings Before Interest, Depreciation, Taxation and other Amortisations ("EBIDTA") are positive. In fact, the EBIDTA during 2018-19 showed considerable increase as compared to the previous year. Finance costs have been a burden on the Company but even on this count the Company has taken strong measures to lower overall debt.

Out of the Company's two Businesses, the Cement Business, has been consistently returning a positive EBIDTA. The Tyre Business is now in consolidation mode further fortifying its established *niches.*

(2) Steps taken or proposed to be taken for improvement:

Both Businesses are inherently EBIDTA positive and, indeed, the Cement Business has been EBIDTA positive over the years.

The Tyre Business is expected to have several new tyre launches which will help in improving the financial position.

Subject to the required consents/approvals, the Tyre Business is proposed to be "spun off" as a separate Company, Birla Tyres Limited, based upon a Scheme of Arrangement framed under Section 230 and 232 of the Act.

(3) Expected increase in productivity and profits in measurable terms:

The Company draws immense strength from the Cement Business's long and established track record, strong brand image and a demonstrable marketing network. This Business will continue to be EBIDTA positive.

As already stated under Item (2) above, the Tyre Business is expected to change both operationally as well as structurally during the current year. These changes will add further value to the functioning of this Business.

Overall debt is expected to progressively reduce. As finance costs decline, the corresponding positive effect on the Company's "bottomline" would be better visible.

IV. Disclosures:

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

The Company accordingly commends for general body acceptance the Special Resolution set out in Item No. 7 of the Notice convening the Company's One Hundredth AGM. Other than B K Birla and Manjushree Khaitan, no other Director or Key Managerial Personnel, Promoters or any of their relatives has 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.

Item Number 8

Chander Kumar Jain's ("C K Jain or Mr. Jain") (DIN: 08125968) present appointment as a Whole-time Director ended owing to efflux of time as at close of business on 3rd May, 2019. Item No. 8 of the Notice convening the One Hundredth AGM pertains to his re-appointment as a Whole time Director, for another period of one year from 4th May, 2019.

The Board, in accordance with the recommendation of its Nomination and Remuneration Committee, seeks to re-appoint C K Jain as a Whole time Director for a further period of one year from 4th May, 2019 on the same remuneration that he drew during his one year term that expired on 3rd May, 2019.

Mr. Jain is a qualified Electrical Engineer, 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 his 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, Mr. Jain's appointment and remuneration requires approval of the general body through a Special Resolution.

Mr. Jain, not being a retiring Director by rotation, has been duly proposed by a Member under Section 160 of the Act.

Brief particulars of Mr. Jain 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 the Nomination and Remuneration Committee as well as the Board;

ii. the Company has not defaulted in the payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor;

iii. a Special Resolution is being passed at the forthcoming Annual General Meeting for payment of the remuneration for a period not exceeding one year;

iv. a statement containing further specified information is set out hereunder:

I. General Information:

(1) Nature of industry:

The Company is at present 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 its 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	31.03.2019 (₹ / crores)
Gross Revenue from operations	3988.31
Profit/(Loss) before Exceptional items & Tax	(266.20)
Exceptional Items	-
Profit/(Loss) before Tax	(266.20)
Tax Expenses	(11.95)
Profit/(Loss) for the Year	(254.25)
Equity Share Capital	142.59

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

II. Information about the appointee:

(1) **Background details:** Mr. Jain, a qualified Electrical Engineer, had been with the Company's Cement Business for over 32 years. He joined the Company as a Deputy Project Manager (Electrical), in the Vasavadatta Cement Plant, and rose to become Plant Head in May, 2013. He was promoted as Head Manufacturing Operations of the Cement Business in August, 2014, with concurrent charge of both Cement plants. He was appointed as a Whole-time Director of the Company effective 4th May, 2018.

(2) **Past remuneration:** ₹2.36 Crores per annum as on 31st March, 2019.

(3) Recognition or awards: Nil

(4) Job profile and his suitability: Mr. Jain superintends manufacturing operations of the Company's Cement Business. He is also simultaneously involved in the operations of the Company's other businesses. In recognition of his merit in managing the operations of the Company, the Nomination and Remuneration Committee thought it fit to continue his term as a Whole-time Director for another year. Such recommendation was accepted by the Board.

(5) Remuneration proposed: As set out in Item No. 8 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):

Mr. Jain's proposed 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 for loss or inadequate profits:

The Company's Earnings Before Interest, Depreciation, Taxation and other Amortisations ("EBIDTA") are positive. In fact, the EBIDTA during 2018-19 showed considerable increase as compared to the previous year. Finance costs have been a burden on the Company but even on this count the Company has taken strong measures to lower overall debt.

Out of the Company's two Businesses, the Cement Business, has, been steady consistently returning a positive EBIDTA. The Tyre Business is now in consolidation mode further fortifying its established *niches*.

(2) Steps taken or proposed to be taken for improvement:

Both Businesses are inherently EBIDTA positive and, indeed, the Cement Business has been EBIDTA positive over the years.

The Tyre Business is expected to have several new tyre launches which will help in improving the financial position.

Subject to the required consents / approvals, the Tyre Business is proposed to be "spun off" as a separate Company, Birla Tyres Limited, based upon a Scheme of Arrangement framed under Section 230 and 232 of the Act.

(3) Expected increase in productivity and profits in measurable terms:

The Company draws immense strength from the Cement Business's long and established track record, strong brand image and a demonstrable marketing network. This Business will continue to be EBIDTA positive.

As already stated under Item (2) above, the Tyre Business is expected to change both operationally as well as structurally during the current year. These changes will add further value to the functioning of this Business.

Overall debt is expected to progressively reduce. As finance costs decline, the corresponding positive effect on the Company's "bottomline" would be better visible.

IV. Disclosures:

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

The Company accordingly commends for general body acceptance the Special Resolution set out in Item No. 8 of the Notice convening the Company's One Hundredth AGM. Mr. Jain should be deemed concerned or interested in this Resolution. No other Director or Key Managerial Personnel, Promoters or any of their relatives has 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
15th May, 2019

By Order of the Board
Gautam Ganguli
Company Secretary

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31st MARCH, 2019

The Board presents the Company's One Hundredth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2019.

FINANCIAL RESULTS

₹ /crores

Particulars		31st March, 2019		31st March, 2018
Total Revenue		3,988.31		3,933.03
Profit/(Loss) before Interest, Depreciation, Tax and other Amortizations ("EBIDTA")		305.33		159.19
Add : Exceptional (Expense)/Income		-		(75.23)
Less : Depreciation and Amortization Expenses (Net of transfer from Revaluation Reserve)		133.08		128.23
Finance Costs		438.45		421.24
Tax Expenses – Net		(11.95)		(2.00)
		559.58		547.47
Profit/(Loss) for the year from continuing operations		(254.25)		(463.51)
Other Comprehensive Income (net of tax expense)				
Remeasurement of post-employment benefit obligations	0.11		(7.67)	
Fair valuation of equity investments	1.44		7.93	
Income tax relating to these items that will not be reclassified subsequently to the statement of profit and loss	-		(2.00)	
		1.55		(1.74)
Total comprehensive income/(loss) for the year		(252.70)		(465.25)

DIVIDEND

No dividend is recommended in view of the loss during the year and non-availability of any carry forward surplus.

SHARE CAPITAL

The Paid-up Equity Share Capital as on 31st March, 2019 amounted to ₹142.59 crores and was comprised as follows

₹ /crores

Equity Share Capital as on 1st April, 2018	137.34
Add: Equity Shares allotted on conversion of Convertible Warrants during the year	5.25
Closing Equity Share Capital	142.59

52,50,000 Convertible Warrants of ₹10 each issued on 28th March, 2018, on a preferential basis to the Promoter Group, at a premium of ₹165 per Warrant amounting to ₹91.875 crores were fully converted into Equity Shares on 6th April, 2018.

DEPOSITS

The Company did not, during the year under report, accept any deposit within the meaning of Section 73 of the Companies Act, 2013 ("the Act'). Deposits amounting ₹4.46 lakhs from two depositors continued to remain unclaimed as at the end of the year. There were no deposits not in compliance with the requirements of Chapter V of the Companies Act, 2013.

GENERAL REVIEW

The year under report proved to be yet another demanding period for the Company. Even so, it was able to close the year with an Earnings before Interest, Depreciation, Taxation and other Amortizations ("EBIDTA") much higher than that of the previous year. It is fitting that the Company, in its Centenary Year, was able to ride the effects of an adverse environment and work dedicatedly towards further fortifying its operational capabities- an unequivocal endorsement of its innate potential.

The Cement Business performed commendably despite the odds it faced. By the year-end, the Business's Sale Volumes, Revenue from Operations and EBIDTA registered significant increase as compared to the previous year further fostering the Company's confidence in the Business.

The Tyre Business performed better than the previous year. Total Income during the year was marginally lower than the previous year but the Business did well to economise on expenses despite the rise in the cost of critical inputs.

PROPOSED DEMERGER OF THE TYRE BUSINESS

The Board, with a view to reorganising the Company's operating Businesses, has proposed a "spin off" of the Tyre Business through the demerger route into a new Company, Birla Tyres Limited ("BTL") effective commencement of business, 1st January, 2019.

The demerger will be subject to such regulatory sanctions / approvals, including that of the National Company Law Tribunal ("NCLT"). Upon final approval by the NCLT, each shareholder of the Company, as on a determined Record Date, will be allotted one Equity Share in BTL on a 1:1 basis. BTL will also be a listed company.

In-principle approvals to the demerger having already been accorded by the Stock Exchanges, the processes of getting the other sanctions / approvals are progressing.

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 Report.

RISK MANAGEMENT

The Company has a Risk Management Policy to deal with perceived risks in its businesses by identifying and evaluating business risks and opportunities.

The approach of risk management is defined across the Company at various levels, including documentation and reporting, interspersed with diverse risk models to help identify risk trends, exposure and potential impact analysis at the corporate level.

GOING CONCERN STATUS

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

INTERNAL FINANCIAL CONTROLS

The Company's Internal Financial Control framework is in line with current best practices and effectively addresses emerging challenges of its businesses.

The Board reviews from time to time the adequacy and effectiveness of the Company's Internal Financial Controls ensuring that process and business level controls are in place. The reviews conducted during the year did not indicate any material deficiency in the Internal Financial Control structure.

EVALUATION OF BOARD PERFORMANCE

The performance of the Board, its Committees and each Board Member individually were subjected to evaluation during the year by the Board in line with the provisions of Section 178(2) of the Act. A brief statement on the methodology adopted appears in the Corporate Governance Report.

As mandated 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 financial year is prepared and circulated amongst Board Members and Key Management Personnel before the beginning of that financial year. During the year, seven Board Meetings were convened and held. These details appear in the Report on Corporate Governance.

NOMINATION AND REMUNERATION POLICY

The Company's Nomination and Remuneration Policy prepared in conformity with the requirements of Section 178(3) of the Act is available on *www.kesocorp.com*/DOCS/management_corner.php#slide_5 and, as a result, does not form part of this Report.

All recommendations of the Nomination and Remuneration Committee made during the year were accepted by the Board and there were no instances of any disagreement between the Committee and the Board.

AUDIT COMMITTEE

The Audit Committee is chaired by Amitabha Ghosh, an eminent Chartered Accountant with additional professional qualifications in banking. K P Khandelwal, Sudip Banerjee, Lee Seow Chuan, Jikyeong Kang and Siddhartha Mohanty are the other Members. P. Radhakrishnan, Chief Financial Officer is a permanent invitee to the Meetings. The Company Secretary acts as Secretary to the Committee.

There were no instances of any disagreement between the Committee and the Board and all recommendations of the Audit Committee made during the year were accepted by the Board.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued to ensure that it was alive towards its societal responsibilities even though under law there were no requirements whatsoever to make any spends on this account.

Consistent with the above, existing initiatives by the Company in the areas of education, health, hygiene, empowerment and community development continued without break.

The Kesoram Football Academy, the soccer nursery promoted by the Company, remains a pivotal Corporate Social Responsibility ("CSR") project. The Company continued in its endeavours to nurture the football nursery that it has been assiduously developing into an institution of repute.

The Academy is now entirely residential with trainees being housed under one roof and being provided boarding as well as lodging by the Company. The *espirit-de-corps* that had been inculcated amongst the trainees is thus being physically sustained with all of them staying, playing and even studying together. On the field, the trainees are giving a superb account of themselves having won all tournaments that they have participated in.

The Company's CSR Policy is available on *www.kesocorp.com.* The CSR Committee of the Board consists of Manjushree Khaitan Chairperson, Amitabha Ghosh and Chander Kumar Jain as Members.

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

RELATED PARTY TRANSACTIONS

As required under the SEBI (Listing Obligations and Disclosure Requirements) 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 into by the Company 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 Management 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 has not been made.

The Company's Related Party Transactions Policy appears on its website with weblink *www.kesocorp.com/DOCS/management_corner.php#slide_5.*

SUBSIDIARY AND JOINT VENTURE COMPANY

As at 31st March, 2019, the Company had a wholly owned subsidiary, Cygnet Industries Limited ("Cygnet") and a Joint Venture Company, Gondkhari Coal Mining Limited ('Gondkhari")

The Financial Statements of Cygnet as at 31st March, 2019 have been consolidated with the Financial Statements of the Company. The Consolidated Financial Statements of the Company in respect of the year appears on pages 126 to pages 188 of this Annual Report.

Cygnet registered a positive EBIDTA during the year as compared to a negative EBIDTA in the previous year. The Company's plant operations have shown higher reliability and are expected to improve further.

Gondkhari, the Special Purpose Vehicle ("SPV") incorporated in 2009 as a Joint Venture between the Company and two other corporate entities for developing and working a coal block in the State of Maharashtra lost its sub-structure once the Supreme Court de-allocated the coal block that was originally allocated to it in 2014. As a result, the SPV is defunct leading to full provision by the Company against its portion of investment in Gondkhari as well as loan(s) given to it. Although the Auditors have chosen to comment on the Company's exposure to the SPV in the Companies (Auditor's Report) Order, 2016 ('CARO Report'), the fact remains that the future of the SPV is not in the hands of the Company but with the Central Government/Delhi High Court who will need to finally decide the matter.

A Statement containing the salient features of the financial statements of Cygnet, the wholly owned subsidiary and Gondkhari, Joint Venture Company, in Form AOC-1 appears in **Annexure IV** of this Report.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Inter corporate financial exposures and guarantees extended during the year appears separately under Note nos. 7 and 33 to the Financial Statements respectively.

The Company has not made any investment in shares of any body corporate during the year.

The Company has taken no other financial exposure during the year within the meaning of Section 186 of the Act to any other company.

VIGIL MECHANISM

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

STATUTORY AUDIT

Shareholders at the Company's Ninety Eighth Annual General Meeting appointed Messrs. Deloitte Haskins & Sells, Chartered Accountants, Auditors of the Company for a period of five years from the conclusion of that Annual General Meeting.

The Report of the Auditors for the year ended 31st March, 2019 forming part of this Annual Report does not contain any qualification, reservation, observation, adverse remark or disclaimer.

COST AUDIT

As per recommendation of 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, 2019 at a total remuneration of ₹6.05 lakhs, excluding taxes and reimbursement of out of pockets. An appropriate Resolution has been incorporated in the Notice convening the One Hundredth Annual General Meeting for confirmation and ratification of the remuneration.

SECRETARIAL AUDIT AND SECRETARIAL STANDARDS

Report by Salil Banerjee, Practising Company Secretary, appointed by the Board to conduct the audit of the Company's secretarial records in respect of the Financial Year 2018-19 appears under **Annexure V**. There are no qualifications in the said Report.

The Company has complied with Secretarial Standards formulated by the Institute of Company Secretaries of India and notified by the Central Government for implementation.

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 VI** 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. This information is readily available for inspection by Members at the Company's Registered Office between 3 P.M. and 5 P.M. 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 e-mail), s/he should write to the Company Secretary at the Company's Registered Office or send an e-mail on *gg@kesoram.net.*

DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place the requisite Internal Committees as envisaged under 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 have 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 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, 2019 and of the loss for the year;

(c) proper and sufficient care was taken for 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) proper 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 are 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 4th February, 2020. It is proposed to renew her term for another period of three years without any increase in remuneration and an appropriate Special Resolution, to this effect is being proposed at the forthcoming Annual General Meeting ("AGM"). Her brief profile is set out in the Report on Corporate Governance.

Chander Kumar Jain's (DIN: 08125968) term as a Whole-time Director ended owing to efflux of time from close of business on 3rd May, 2019. It is proposed to renew his term for another one year effective 4th May, 2019 without any increase in remuneration and an appropriate Special Resolution, to this effect is being proposed at the forthcoming AGM. His brief profile is given in the Report on Corporate Governance.

Upon a favourable recommendation from the Board's Nomination and Remuneration Committee and accepted by it, the Board re-appointed Amitabha Ghosh (DIN: 00055962), Kashi Prasad Khandelwal (DIN: 00748523) and Sudip Banerjee (DIN: 05245757) as Independent Directors of the Company for a second term of five years from the conclusion of Company's One Hundredth Annual General Meeting to the conclusion of Company's One Hundred and Fifth Annual General Meeting. Appropriate Special Resolutions, to this effect, are also being proposed at the forthcoming AGM.

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

Siddhartha Mohanty (DIN: 08058830), Director, nominated by Life Insurance Corporation of India, retires by rotation and, being eligible, offers himself for re-appointment.

Tridib Kumar Das (DIN: 01063824), Whole-time Director and Chief Financial Officer, resigned from the services of the Company effective close of business on 30th August, 2018. The Board wishes to gratefully acknowledge Mr. Das's committed and dedicated services during his tenure with the Company.

Brief profiles of Directors being appointed / re-appointed at the forthcoming One Hundredth AGM have been given in the Report on Corporate Governance.

KEY MANAGERIAL PERSONNEL

The following persons functioned as Key Managerial Personnel during the year:

Manjushree Khaitan	Executive Vice Chairperson (DIN: 00055898)
Chander Kumar Jain	Whole time Director (DIN: 08125968) (effective 4th May, 2018)
Tridib Kumar Das	Whole time Director and Chief Financial Officer (DIN: 01063824) (upto 30th August, 2018)
P. Radhakrishnan	Chief Financial Officer (effective 31st August, 2018)
Gautam Ganguli	Company Secretary

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 Act are set out in **Annexure VII** to this Report.

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

There has been no material change between the end of the Financial Year and the date of this Report. The process of demerger of the Company's Tyre business into Birla Tyres Limited has already been dealt with elsewhere in this Report.

EXTRACTS FROM ANNUAL RETURN

Extracts from the Company's Annual Return in Form MGT-9 are available on *www.kesocorp.com/DOCS/our_financials.php#slide_2* These therefore do not form part of this Report

ANNEXURES FORMING PART OF THIS REPORT

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

APPRECIATION

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

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Place: Kolkata
Date : 15th May, 2019

ANNEXURE I

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Overview

The Company's Business-wise performance during the year is shown below:

₹ /crores

S.No.	Particulars	2018 - 2019	2017 - 2018
1	EBIDTA		
a)	Cement	343	212
b)	Tyres	(63)	(90)
c)	Total EBIDTA before Corporate Expenses	280	122
d)	Unallocated Income/(Expenses)	25	37
	Total EBIDTA	**305**	**159**
2	Exceptional Income	-	(75)
3	Finance Cost including interest	438	421
4	Cash Profit /(Loss)	(133)	(337)
5	Depreciation	133	128
6	Profit Before Tax	(266)	(465)
7	Tax Provision	(12)	(2)
8	**Profit After Tax**	**(254)**	**(463)**

Business-wise resume

Cement

Industry Overview

India ranks as the world's second largest cement producer behind China. Cement production capacity stood at 502 million tonnes per annum (mtpa) in 2018. The top 20 cement companies accounted for almost 70 per cent of the total cement production in the country.

A total of 210 large cement plants account for a cumulative installed capacity of over 410 million tonnes, with 350 small plants accounting for the rest. Of the 210 large cement plants, 77 are located in the States of Andhra Pradesh, Rajasthan and Tamil Nadu alone.

The industry in India, however, actually produces about 300 million tonnes per *annum* with a *per capita* consumption of around 210 kg. *per capita* cement is currently the lowest amongst developing countries while the world average is some 580 kg.

Cement production in the country is expected to steadily grow going forward and total production figure should be in excess of 550 million tonnes *per annum* over the next few years.

Risks and Concerns

Progress of the industry in India continues to be largely dependent on the development of infrastructure and housing. Infrastructure development, being primarily a Government funded exercise, declining spends on infrastructure adversely impact the well being of the industry. For instance, announcement of the forthcoming elections resulted in a spending slow down. This is not expected to pick up till the new Government in office has fully settled in. Demand for housing is inextricably linked to economic growth. Although the Government's programme of "housing for all" by 2022 remains a target to be attained, lower disposable income in the hands of the populace on account of muted economic growth will inevitably lead to a "push back" of targeted time lines. Then again, it would be natural for the State to dictate prices at which it would buy cement. The State attitude during price fixation typically involving a clutch of producers is frequently oligopolistic. In the housing sector too, institutionalised buyers, including those in the ready mix concrete category, have the ability to decide on prices at which they would effect procurement thereby seeking to compound an already existing oligopolistic situation in the industry.

Access to insufficient quantities of sand adds to an already difficult scenario as the genesis of concrete (or mortar) which is the basic raw material for any building activity is contingent upon cement being mixed with sand. Certain Indian states are perpetually constrained in making available adequate quantities of natural sand for the sector. A solution could lie in making available artificial sand known as "machine sand". This is an area still at the exploratory stage.

Price trends of key energy inputs, particularly those of fossil fuels continue to be northward bound and pose a burden on the industry. Industry is trying to reverse the ill effects of continually rising fossil fuel prices on production costs through usage of alternative fuel, substitution of conventional raw materials in the production process, waste heat recovery through cogeneration, increased adoption of renewable energy, particularly solar and wind power, as well as substituting clinker with fly ash and slag. Indeed, the country has taken rapid strides in this direction and has become a significant player globally in the alternative fuel utilisation segment. However, it has a fair amount of catching up to do. Transport and logistics constitute yet another major constituent of cement costing. There is realisation that these spends require a marked reduction through more streamlined supply chain practices for containment of costs.

The progressive depletion of reserves of limestone and other flux minerals required for cement manufacture is another concern. This is a clear signal for the industry to further gear up identification of fresh reserves. Side by side, there is the imminent need to expand production of blended cement and increase mixing of high grade limestone with lower grade limestone for use in clinker production.

Growth drivers

The prospects of the cement industry continue to be closely linked with the progression of the national economy. As infrastructure and housing sector moves forward, so will the latent demand for cement. It needs to be remembered that cement is a cyclical commodity with a high correlation to the country's Gross Domestic Product ("GDP"). Long-term cement demand growth rate is estimated at 1.2 times the GDP growth rate.

Brief comments are now adduced on how the demand curve is expected to shape up:

Housing and Real Estate: The housing and real estate sector is the biggest demand driver of cement, accounting for about 65 per cent of the total consumption in India. The sector is expected to grow at a Compounded Annual Growth Rate ("CAGR") of around 11%. The Government's thrust on affordable housing for realising its vision of "Housing for All" by 2022 and the Smart City programmes should also help in demand growth for cement. The primary aim of the *Pradhan Mantri Awaas Yojana* ("PMAY") is to ensure that at least two crore dwelling units are built nationally per year.

Further, the Real Estate market in India is expected to reach US$ 1 trillion by 2023 from US$ 120 billion in 2017. Overall, strong growth in rural housing, low-cost housing and growth pick up in commercial real estate market should further amplify the demand for cement. Housing and the real estate segment demand is expected to grow by around 5% per *annum*.

Public Infrastructure and Industrial Development: The other major consumer of cement includes public infrastructure and industrial development. Higher Government spending on infrastructure and rising *per capita* incomes will rank as leading growth drivers for cement in the country. There have also been positive moves on the policy front, in areas relating to ease of doing business, promoting start-ups, rationalising tax structure and administration and opening up more areas for foreign investment through the automatic route. The Government seems to be progressively stepping up infrastructure spending. Thus, outlays on infrastructure development, including for highways, roads and railways have been moving up perceptibly.

The Government has also pushed for construction of concrete roads, highways through its unique Bharatmala & Sagarmala Project, 100 smart cities, construction of rural roads under the Pradhan Mantri Gram Sadak Yojana, dedicated Railway Freight Corridors, ports and Metro rail projects which all augur well for cement demand going forward.

The industry is also examining the prospects of exports to West Asia, Africa and other developing countries.

The Company's Cement Business going forward

The Company's Cement Business is well poised to fully cater to the gradually increasing demand for cement in its serviced areas.

The Government of Karnataka has permitted the Business to acquire some 675 acres of land to further augment limestone reserves.

The Business's brand, *Birla Shakti*, is now an approved brand in several Government projects for supply of cement, including the Military Engineering Services and the Ministry of Defence.

To further accelerate penetration of *Birla Shakti* in the southern, western and central parts of the country, the Business is closely scrutinising the forging of strategic tie ups with those grinding and blending unit owners for utilising their spare facilities for manufacture of cement. Plans are afoot to exponentially grow both in the trade category as well as in the blended cement category by appropriately leveraging the *Birla Shakti* brand. Initial results have been encouraging.

Reduction of cost of production is another focus operational area that is engaging attention. The quantum of reduction effected will help boost the Business's Earnings before Interest, Depreciation Taxation and other Amortisations ("EBIDTA").

Sale Volumes are expected to rise even further as the Business busies itself expanding its dealer network and escalates marketing efforts through influencers and market makers. Here also, initial results give rise to increased confidence that such incremental efforts will be productive.

The large "overburden" at its Basant Nagar manufacturing facility is proposed to be utilised, subject to the required regulatory approvals, to make stone aggregates and machined sand ("M Sand") that should open new vistas for improved and differentiated product offerings to add to the Business's bottom line. Samples are presently undergoing regulatory testing.

A clear strategic shift is now discernible from giving primacy to volume to delivering profitable volume growth by entering high realisation zones while at the same time driving cost reduction, including through innovation, broadening distribution network, penetrating new geographies as well as bringing rigour in branding and technical services. This emphasis should enable the Business to consolidate on its strengths during the current year.

Tyres

Industry Overview

The origins of the tyre industry in the country go back by nearly a century when Dunlop Rubber set up the first tyre company. Although manufacture of automotive tyres is now largely concentrated in the organised sector, the industry does have a horde of small and medium scale manufacturers in the unorganised sector catering predominantly to bicycles and cycle rickshaws. The industry nonetheless produces and markets an impressive array of automotive tyres beginning from those for commercial vehicles and tractors to off the road tyres.

Keeping pace with the leaps in technology, the industry is progressively transitioning from cross ply ("bias") to radials. The passenger car tyre market, for example, has been virtually radialised. Radials have certain distinct advantages. They are, for instance, lighter in weight making them more fuel efficient than bias tyres. Bias tyres have latent benefits too. They possess, for example, load carrying capacity because of a higher presence of natural rubber and are generally effective on poor road conditions, a phenomenon still endemic in the country. Growing radialisation notwithstanding bias tyres will continue to command a *niche* in the Indian market and other such similar overseas markets.

Sales of tyres manufactured or imported into India are conducted through an established network of dealers and related intermediaries for reaching the ultimate consumer. Dealers, typically, stock multiple brands though some companies have set up exclusive retailing outlets.

Automotive tyres in India are called upon to perform with the same dexterity in varying road and climatic conditions- from mud tracks to concretised surfaces, from extreme heat to the cold North India winters. Overseas buyers recognise this capability. India made tyres therefore command acceptance beyond the country's shores. Indeed, some tyre manufacturers have actually established manufacturing arms abroad and are successfully operating them.

Risks and concerns

Profit margins on tyres are continually under strain. Natural rubber and crude oil based derivatives to name a few that are essential for the manufacture of tyres suffer from considerable price volatility and, in some cases, relative unavailability. With margins under pressure, it is often not possible to pass on the entire input and other throughput cost increases to customers. This position tends to denude the industry of the required internal surpluses so essential for expansion of tyre production facilities.

It is often not realised that ultimately "tyres", are just another "product" distinct from a "commodity". This would call for investments in brand building to further the cause of equity of a particular brand in a discriminating market. Existence of low profitability in the industry tends to dilute efforts in this direction given the industry's competitive setting and the fact that there are only limited restrictions on imports and that also only from China.

To negate or, at least, reduce the ill effects of the disequilibrium in margins, industry is taking a much closer look at applied research *per se*. This process will serve to rationalise and streamline existing recipes and the application of chemicals and compounds in tyre manufacture. There may be a marginal increase in development costs in the short run but will pay off going forward.

The industry needs nonetheless to do much more in stepping up the gas on tyre related research with a view to staying ahead of the curve in producing dedicated tyres for new generation vehicles like electric vehicles and those that will evolve as "driverless" vehicles.

Growth drivers and Outlook

The country is today a growing market for vehicles. Road conditions are improving virtually by the day. Consequently, what were reckoned earlier as pure mud tracks are metamorphosing into multi lane thoroughfares whether with asphalt or with concrete. Indeed, there has been a credible move towards concretising road surfaces both in urban agglomerations as well as state and national highways.

The progressive upgradation in road conditions and their geographical spread across the country has been a fillip to road transport. Road today can ably compete with rail in the carriage of both passengers and goods.

The gradual exposure of the Indian economy to the more developed markets abroad has helped create a multiplier effect on the various components that go into the configuration of a country's economy. Road transport is one such component. As the Indian economy expands in size, so will road transport and therefore the demand for tyres. And this market need will not be for commercial vehicles alone. There will be a demand boost for tyres of all types of automotive vehicles including off the road ones.

Moreover, as the size of the Indian middle class accelerates so will the requirement for four wheelers. Sales of tyres therefore to original equipment manufacturers as well as to those in the replacement market will see a meteoric rise. Indeed, in a scenario of depleting tyre margins, four wheeler tyres have the distinction of fetching better profitability margings. Side by side, sales of two wheelers in India, certainly in the foreseeable future, ought to be by characterised by a virtual inelastic demand. Two wheelers are, on one hand, aspirational for today's youth but equally are convenient for those not so young to negotiate difficult city traffic.

The Company's Tyre Business going forward

The Business will continue to be an influential player in bias given that these tyres even today have a steady demand. Several new bias product offerings are in the pipeline, including a range of fuel savers. The Business's bouquet of tyres for light commercial vehicles have been re-engineered and the remodelled tyres will now enter the market.

Even so, the Business, during the current year, will further re-position and consolidate its radial offerings in keeping with its standing as a key industry player. Radials both for commercial vehicles as well as for passenger cars will be unfolded in a phased manner.

Two and three wheeler tyres constitute an attractive slot in a thriving market. The Business will more effectively leverage this market during the current year through its strong network of dealers.

Exports will be another thrust area. Besides the conventional markets in South-East Asia where the Business already has a presence, efforts are on to enhance visibility in several other select overseas markets.

At the same time, attention to further refining manufacturing technology and managing supply chain is being accorded the priority they deserve. Economising on sourcing costs, for instance, is a major goal and, to this end, the use of alternative materials and other input items are under serious consideration. The Business's Research Centre is working on advanced simulation techniques for better product performance and lessen service failures.

In overall terms, the Tyre Business looks to the future with confidence.

Financial Performance during 2018-19

The "General Review" incorporated in the Directors' Report sets out a brief performance *resume* of the Company's operating businesses.

The Company's improved financial performance, on a stand-alone basis, during 2018-19 as compared with the previous year favourably impacted financial ratios. As a result, these ratios have generally strengthened. The following three critical ratios have changed beyond the 25% indicative threshold specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - all of them for the better:

A. The Interest Coverage Ratio which stood at 0.07 as at 31st March, 2018 firmed up to 0.34 as 31st March, 2019.

B. The Operating Profit Margin percentage went up to 7.87 from 4.30 in the previous year.

C. The Net Profit Margin percentage, however, continued to be negative but moved upward to 6.56 from the 12.51 recorded in the previous year.

The Net Worth as at 31st March, 2019 dipped to ₹530.19 crores from ₹773.70 crores in the previous year. However, the Loss for the year which was ₹463.51 crores in the previous year reduced to ₹254.25 crores during the year ended 31st March, 2019. Looked at from this angle, there was indeed a modest turnaround. The decline in Net Worth as at 31st March, 2019 was largely a consequence of the loss during the year being deducted from the opening Net Worth.

Internal Control Systems and their adequacy:

This has been covered in the Directors' Report.

Material Developments in Human Resources

Human Resources continue to be the cornerstone around which the Company functions. The Company engages with the people who work for it on a proactive basis so as to transform the work environment from a "place of work" to a ''place to work". The Company believes that such approach has assisted it enormously in promoting harmony and a sense of belonging amongst those working for it thereby seeking to enhance their work life balance. The gradual evolution of this perception constitutes, according to the Company, a defining sign of sustained employee commitment to its well being.

The number of people employed as on 31st March, 2019 is separately covered under **Annexure VI** to the Directors Report. Industrial relations remained cordial during the year.

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

Place: Kolkata
Date : 15th May, 2019

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

ANNEXURE II

REPORT ON CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31st MARCH, 2019

1. GOVERNANCE PHILOSOPHY

The Company's philosophy on governance is structured on principles and practices that seek to imprint fairness, transparency and ethical behaviour in its dealings with stakeholders.

2. BOARD OF DIRECTORS

i) Composition of the Board as on 31st March, 2019 and their Directorships, Committee positions held in other Companies and shares held by them as on that date:

As on 31st March, 2019, the Company had nine Directors five of whom were independent. 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	2	1	1	0	Nil
Lee Seow Chuan	Director	Non-executive Independent	0	0	0	0	Nil
Jikyeong Kang	Director	Non-executive Independent	0	0	0	0	Nil
Siddhartha Mohanty	Nominee Director, LICI (Equity Investor)	Non-executive	0	0	0	0	Nil
Kashi Prasad Khandelwal	Director	Non-executive Independent	2	2	1	1	Nil
Sudip Banerjee	Director	Non-executive Independent	3	2	1	0	Nil
Chander Kumar Jain (appointed w.e.f. 04.05.2018)	Whole-time Director	Executive	0	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 LODR Regulations.

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

Basant Kumar Birla and Manjushree Khaitan;

ii) Details of Directorships in other listed entities held by the Directors of the Company as at 31st March, 2019

Name of the Directors	Name of Listed Entities	Category
Basant Kumar Birla	Jay Shree Tea and Industries Ltd.	Non Executive Non- Independent Director
	Century Textiles and Industries Ltd.	Non Executive Non- Independent Director
	Pilani Investment and Industries Corporation Ltd. (resigned w.e.f. 1st April, 2019)	Non Executive Non- Independent Director
	Century Enka Ltd.	Non Executive Non- Independent Director
Manjushree Khaitan	Nil	NA
Amitabha Ghosh	Zenith Fibres Ltd.	Non Executive Independent Director
Lee Seow Chuan	Nil	NA
Jikyeong Kang	Nil	NA
Siddhartha Mohanty	Nil	NA
Kashi Prasad Khandelwal	GPT Infraprojects Ltd.	Non Executive Independent Director
	Balasore Alloys Ltd.	Non Executive Independent Director
Sudip Banerjee	IFB Industries Ltd.	Non Executive Non- Independent Director
	Larsen & Toubro Infotech Ltd.	Non Executive Independent Director
	L&T Technology Services Ltd.	Non Executive Independent Director
Chander Kumar Jain	Nil	NA

iii) List of core skills/expertise/competencies required in the Company's Board to enable it function effectively and those actually available:

The Board identifies the following core skills/expertise/competence that it perceives it ought to have in the process of governing the Company. It is further of the view that as a whole it possesses these skills/expertise /competencies and is applying them in governing the Company:

a) strategising capability;

b) capacity to identify risks and macro level concerns in the Company;

c) aptitude in the arenas of finance, control, information technology and governance mechanisms so as to be able to examine and analyse these areas in the context of the Company's requirements and be in a position to determine gaps in the Management's thought process or the approach to these;

d) ability to judge the degree of adroitness and clear thinking that go into taking business decisions taken by the Management, identify discontinuities and anomalies, critique such decisions where necessary and thereafter direct initiation of the required action as deemed best under the circumstances;

e) encouraging diversity in the methodologies of the Company looking at operational and related constraints and suggesting ways forward;

f) ability to engage in a healthy and cogent debate within itself (including in Board Committees) on the various governance processes with the objective of finding solutions to issues affecting the Company.

iv) Attendance of Directors at Meetings held during the Financial Year 2018-19

Seven Board Meetings were held during the Financial Year ended 31st March, 2019 on 11th May, 2018, 12th June, 2018, 13th August, 2018, 3rd October, 2018, 13th November, 2018, 4th December, 2018 and 12th February, 2019. The attendance of each Director at these Meetings and at the Ninety-ninth Annual General Meeting ("AGM") held on 13th July, 2018 was as follows:

Members	Attendance	
	No. of Board Meetings	AGM
Basant Kumar Birla	2	No
Manjushree Khaitan	5	Yes
Amitabha Ghosh	7	Yes
Lee Seow Chuan	5	Yes
Jikyeong Kang	4	Yes
Siddhartha Mohanty	3	No
Kashi Prasad Khandelwal	7	Yes
Sudip Banerjee	7	Yes
Chander Kumar Jain (appointed w.e.f 04.05.2018)	6	Yes
Tridib Kumar Das (upto 30.08.2018)	3	Yes

v) **Details of Remuneration and Meeting Fees paid to Directors during the Financial Year 2018-19** **(₹ in lakhs)**

Sl. No.	Name of the Directors	Sitting fees paid for	
		Board Meetings	Committee Meetings*
1	Basant Kumar Birla	2.00	-
2	Manjushree Khaitan **	-	-
3	Amitabha Ghosh	7.00	8.60
4	Lee Seow Chuan #	7.27	8.14
5	Jikyeong Kang #	5.81	2.90
6	Siddhartha Mohanty***	3.00	1.00
7	Kashi Prasad Khandelwal	7.00	8.20
8	Sudip Banerjee	7.00	5.40
9	Chander Kumar Jain ** (appointed w.e.f. 04.05.2018)	-	-
10	Tridib Kumar Das** (upto 30.08.2018)	-	-
	Total	**39.08**	**34.24**

* 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 ("LICI").

Inclusive of Income Tax borne on the fees paid by the Company.

No Commission was paid to the Directors during the Financial Year 2018-19.

Tridib Kumar Das was re-appointed as Whole-time Director at the Annual General Meeting held on 29th June, 2017 for a period of three years from 1st April, 2017. He resigned from the Board effective close of business on 30th August, 2018. The total remuneration paid to him during the period 01.04. 2018 to 30.08.2018 is as under:

Particulars	Amount paid ₹/lakhs
Gross Salary :	
(a) Salary [Section 17(1) of Income Tax Act, 1961]	190.45
(b) Value of perquisites	0.34
(c) Others : Contribution to Provident Fund	5.53
Total	**196.32**

Chander Kumar Jain was appointed a Whole-time Director for a period of one year effective 4th May, 2018 at the Annual General Meeting held on 13th July, 2018. The total remuneration paid to him during the period 04.05.2018 to 31.03.2019 is as under:

Particulars	Amount paid ₹/lakhs
Gross Salary :	
(a) Salary [Section 17(1) of Income Tax Act, 1961]	235.26
(b) Value of perquisites	0.39
Total	**235.65**

Manjushree Khaitan was appointed a Whole-time Director for a period of five years effective 5th February, 2013 at the Ninety-fourth Annual General Meeting held on 31st July, 2013. At the Ninety-eighth Annual General Meeting held on 29th June, 2017, she was reappointed for a further period of two years effective 5th February, 2018. The total remuneration paid to her during 2018-19 is given below:

Particulars	Amount paid ₹/lakhs
Gross Salary :	
(a) Salary [Section 17(1) of Income Tax Act, 1961]	282.81
(b) Value of perquisites	0.39
(c) Others : Contribution to Provident Fund	10.80
Total	**294.00**

Apart from the above, no other pecuniary relationships (including stock options) or transactions *vis-a-vis* the Company existed with any Director during the Financial Year 2018-19.

vi) 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 has declared compliance with the Code of Conduct as at 31st March, 2019. 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 envisaged in Section 177 of the Act and in Regulation 18 of the LODR Regulations.

ii) Composition, Names of Members and Chairman

As on 31st March, 2019 the Audit Committee had six Non-Executive Directors as Members out of which five were Independent Directors and one was a Nominee Director. Amitabha Ghosh chairs the Committee.

Five Meetings were held during the Financial Year ended 31st March, 2019 on 11th May, 2018, 13th August, 2018, 13th November, 2018, 4th December, 2018 and 12th February, 2019.

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

Members	No. of Meetings attended
Amitabha Ghosh	5
Lee Seow Chuan	4
Jikyeong Kang	2
Siddhartha Mohanty	1
Kashi Prasad Khandelwal	5
Sudip Banerjee	5

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 attend Audit Committee Meetings:

a) the Statutory Auditors, as and when necessary.

b) the Internal Auditors, as and when necessary.

c) the Cost Auditors, as and when necessary.

d) P. Radhakrishnan, Chief Financial Officer, Chandramauli Balan, Chief Operating Officer & President, Cement Business, 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. Lee Seow Chuan is a Fellow member of the Association of International Accountants, UK. Siddhartha Mohanty, Chief Operating Officer LIC Housing Finance Limited, a qualified lawyer, is well versed in Finance. So is Sudip Banerjee who is an Economics Graduate from St. Stephen's Delhi and has a Diploma in Management. Jikyeong Kang, a doctorate in Marketing, is a respected academic and a known specialist in business management.

All Members of the Committee are therefore financially literate.

The Chairman of the Audit Committee was present at the last Annual General Meeting ("AGM").

4. NOMINATION AND REMUNERATION COMMITTEE

i) Composition, Names of Members and Chairman

As on 31st March, 2019, the Nomination & Remuneration Committee consisted of three Non-Executive Independent Directors as Members.

The Committee met three times during the Financial Year 2018-19 on 11th May, 2018, 13th August, 2018 and 13th November, 2018. Amitabha Ghosh chaired all 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	3
Lee Seow Chuan	3
Kashi Prasad Khandelwal	3

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

ii) Nomination and Remuneration Policy:

The Committee formulated Policy accepted by the Board for implementation is available on the website of the Company under the weblink: www.kesocorp.com/*DOCS/management_corner.php#slide_5.*

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, 2019, the Committee consisted of two Non-Executive Directors as Members.

The Committee met four times during the Financial Year 2018-19 on 11th May, 2018, 13th August, 2018, 13th November, 2018 and 12th February, 2019.

Amitabha Ghosh chaired the 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	4
Kashi Prasad Khandelwal	4
Tridib Kumar Das (upto 30.08.2018)	2

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 2018-19:

Nature of Grievances	Complaints received from				Total complaints received during 2018-19	Total complaints redressed	No. of complaints outstanding as on 31st March, 2019
	Investors directly	Stock Exchanges	SEBI "SCORES"	ROC			
Non-receipt of Dividend/ Interest/ Redemption Warrants/NECs	7	Nil	Nil	Nil	7	7	Nil
Non-receipt of Share / Debenture Certificate(s)	3	4	3	Nil	10	10	Nil
Non-receipt of Duplicate Share/ Debenture Certificate(s)	1	Nil	Nil	Nil	1	1	Nil
Demat related grievances	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Non-receipt of Annual Report(s)	2	2	Nil	Nil	4	4	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	Nil	2	Nil	Nil	2	2	Nil
TOTAL	**13**	**8**	**3**	**Nil**	**24**	**24**	**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 1st April, 2018	01	05
Shareholders, who approached the Company for transfer/ delivery during 2018-19	Nil	Nil
Shares transferred/delivered during the year 2018-19	Nil	Nil
Shareholders, who approached the Company for transfer/ delivery pending compliance of verification process	Nil	Nil
Shares transferred to Investor Education and Protection Fund (IEPF) u/s 124(6) of the Act read with Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.	Nil	Nil
Balance as on 31st March, 2019	01	05

The voting rights on these outstanding shares in the Unclaimed Suspense Account and transferred to IEPF 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 first constituted on 29th April, 2014. The Committee was re-constituted effective 12th February, 2019 with Manjushree Khaitan as the Chairperson and Amitabha Ghosh and Chander Kumar Jain as Members. The terms of reference of the Committee are aligned with the requirements of Section 135 of the Act. The Committee met once during the Financial Year 2018-19. All three Members attended the Meeting

The Company Secretary acts as Secretary to the Committee.

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 during the Financial Year 2018-19. All Independent Directors except Jikyeong Kang, attended the meeting.

All Independent Directors have furnished to the Company the requisite declarations that they meet the relevant independence criteria as laid down in Section 149(6) of the Act read with Regulation 16(b) of LODR Regulations.

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

An annual evaluation exercise was carried out by the Board during the year encompassing its own performance, those of its Committees as well as individual Board Members.

The exercise continued to recognise that while Board Members were individuals, the Board or a Committee of the Board was a collective body. It was this collective body that took decisions even though individuals, constituting the collective body, had the right to dissent. Thus, what was put to test in the evaluation exercise this year was, amongst other issues, the extent of perspicacity of each Member, whether sitting as part of the Board or any Committee, to meaningfully contribute to the formulation of Board decisions.

The process was thus intricate and the conclusion arrived at was that each Board Member had harmoniously contributed to complement the role of the collective entity. This had made for the Board as well as each Committee's efficacious functioning during the year.

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

(A) Details of last three AGMs held

AGMs	Date of AGM	Location	Time
99th AGM	13th July, 2018	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017	11:00 A.M.
98th AGM	29th June, 2017	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017	11:00 A.M.
97th AGM	28th July, 2016	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017	11:00 A.M.

(B) Special Resolutions passed at previous three AGMs:

a) AGM held on 13th July, 2018:

A Special Resolution appointing Chander Kumar Jain as a Whole-time Director and payment of remuneration for a period of one year effective 4th May, 2018 as per the provisions of the Act was approved.

b) AGM held on 29th June, 2017:

Three Special Resolutions were proposed and approved as stated hereunder:

i) payment of remuneration to Manjushree Khaitan, a Whole-time Director, for the period commencing from 1st April, 2017 to 4th February, 2018 in terms of Sections 196,197 and Schedule V to the Act read with rules made thereunder.

ii) re-appointment of Manjushree Khaitan, as Whole-time Director and payment of remuneration for a further period of two years effective from 5th February, 2018 in terms of Sections 196, 197 and Schedule V to the Act read with Rules made thereunder.

iii) appointment of Tridib Kumar Das, as Whole-time Director and payment of remuneration for a period of three years effective 1st April, 2017 in terms of Sections 196, 197 and Schedule V to the Act read with Rules made thereunder.

c) AGM held on 28th July, 2016:

The appointment of Tridib Kumar Das as a Whole-time Director and payment of remuneration to him for a period of three years effective 1st April, 2016 as per the provisions of the Act was approved.

(C) Postal Ballot:

During the financial year ended 31st March, 2019, two Special Resolutions were approved by Postal Ballot, details of which are given as follows:

Salil Banerjee, a Practising Company Secretary, acted as the Scrutiniser to conduct the Postal Ballot.

The procedure laid down under Section 108 and other applicable provisions of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014, was followed. The details of voting pattern of the Special Resolutions passed are as under:

Date of Result- 29th March, 2019

Result:

Resolution No. as given in the Postal Ballot Notice dated 12th February, 2019	Particulars of the Votes Cast			Result
		No. of votes	%	
Resolution No. 1 as a Special Resolution	Votes cast in favour	8,83,31,920	99.48	Approved by requisite majority
	Votes cast against	4,63,488	0.52	
Resolution No. 2 as a Special Resolution	Votes cast in favour	8,83,41,071	99.49	Approved by requisite majority
	Votes cast against	4,55,324	0.51	

As at date, no Special Resolution is proposed to be passed through Postal Ballot.

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 Siddhartha Mohanty, Kashi Prasad Khandelwal, Sudip Banerjee, Amitabha Ghosh, Manjushree Khaitan and Chander Kumar Jain are appended:

Siddhartha Mohanty (Nominee Director) DIN: 08058830: Siddhartha Mohanty, (56), MA, LLB is the Chief Operating Officer of LIC Housing Finance Ltd. He was appointed to this Company's Board as a Nominee Director of Life Insurance Corporation of India effective 10th February, 2018. He is not a Director of any other company and has no shareholding in the Company.

Kashi Prasad Khandelwal (Non-Executive, Independent) DIN: 00748523: Kashi Prasad Khandelwal, (68), FCA, DISA is a practising chartered accountant having a standing of over four decades. He was appointed a Director of the Company on 10th April, 2012. He has been associated with the International Bank for Reconstruction and Development ("World Bank") as a Consultant. A former Chairman of the Eastern India Regional Council of The Institute of Chartered Accountants of India ("ICAI"), Mr. Khandewal has spent three terms in the ICAI Central Council. He is also an Independent Director on the Boards of Balasore Alloys Ltd. and GPT Infraprojects Ltd. and is also a member and chairman of their Audit Committees respectively. He has no shareholding in the Company.

Sudip Banerjee (Non-Executive, Independent) DIN: 05245757: Sudip Banerjee, (59) is an Honours graduate in Economics from St. Stephens Delhi and has a Diploma in Management. A reputed professional in the area of Information Technology, he has had an illustrious career with Wipro Technologies Limited. He is also a former Chief Executive Officer of L & T Infotech Limited. He was appointed a Non- Executive Independent Director of this Company on 29th April, 2014. He is also on the Boards of IFB Industries Ltd., Larsen & Toubro Infotech Ltd. and L & T Technology Services Ltd. as Non-Executive Independent Director. He has no shareholding in the Company.

Amitabha Ghosh (Non-Executive, Independent) DIN: 00055962: Amitabha Ghosh, (88) FCA and a professional banker, has been on the Company's Board since February, 1984. He is a former Chairman of Allahabad Bank and a former Governor of Reserve Bank of India. At present, he is a Non-Executive Independent Director on the Board of Zenith Fibres Ltd. and also a member of its Audit Committee. He has no shareholding in the Company.

Manjushree Khaitan (Whole- time Director) DIN: 00055898: Manjushree Khaitan, MA (63) was appointed a Non-Executive Director of this Company on 30th October, 1998. She is today a Whole -time Director designated as the Executive Vice Chairperson. Her present term of appointment expires on 4th February, 2020. The Board desires that her appointment be renewed for another three years. Apart from being a post graduate in English Literature from Calcutta University she has attended several Executive Development Programmes both at the London Business School and IMD, Switzerland. Further, as an industrialist, she has been associated with the chemicals industry, tea and coffee plantations, and information technology for three decades. 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 holds 7,20,158 equity shares of the Company.

C K Jain (Whole-time Director) DIN: 08125968: C K Jain, (66), a professionally qualified Electrical Engineer, is a former Chief of Manufacturing, Cement Business. He joined the Company in January, 1986 in the Cement Business's Projects Department. His rich business experience spans over four decades. His last employment was with Cement Corporation of India Limited as a Senior Engineer. He is not a Director of any other company and has no shareholding in the Company. Mr. Jain's present appointment as a Whole-time Director expired owing to efflux of time on 3rd May, 2019 and is proposed to be renewed for a further period of one year effective 4th May, 2019.

13. DISCLOSURES

1. The Audit Committee at 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 Indian Accounting Standard 24 (IND-AS 24) in the prescribed format of Para A of Schedule V of LODR Regulations, 2015 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 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 Indian Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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, 2019. 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 of 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, 2019, the Company had a wholly owned subsidiary- Cygnet Industries Limited.

   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 a whistle blower. 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 LODR Regulations.
12. All recommendations of the Board Committees made during the year were accepted by the Board. There were no instances of any disagreement between the Committees and the Board.
13. The status of compliance with non-mandatory recommendations of the Part E of Schedule II of LODR Regulations are provided below:
    a) Non-Executive Chairman's Office: The Non-Executive Chairman maintains an office at the Company's Registered and Head Office in Kolkata.
    b) Shareholders' Rights: As the quarterly and half yearly financial performance are submitted to the Stock Exchanges, published in the press 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 2018-19 does not contain any audit qualifications.
    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 Auditors: The Internal Auditors report to the Audit Committee.

14. DETAILS WITH RESPECT TO UTILISATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT

The Company has not, during the Financial Year 2018-19, raised funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of the LODR Regulations.

15. DISCLOSURE WITH RESPECT TO PAYMENT MADE TO STATUTORY AUDITORS

Details with respect to payment made by the Company and its subsidiary for services provided by the Statutory Auditors appear separately under Note No. 28 to the Company's Financial Statements.

16. 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 as follows:

a.	number of complaints filed during the financial year 2018-19	Nil
b.	number of complaints disposed of during the financial year 2018-19	Nil
c.	number of complaints pending as on end of the financial year 2018-19	Nil

17. 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.

18. GENERAL SHAREHOLDER INFORMATION

- **Next AGM**

Time	11.00 A.M
Day	Friday
Date	26th July, 2019
Venue	"Kala-Kunj", 48, Shakespeare Sarani, Kolkata-700017

The Company's Financial Year

The Financial Year of the Company is from 1st April to 31st March.

- **Date of Book Closure**

20th July, 2019 to 26th July, 2019 (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 Ltd. ("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:

i) **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 in Demat Form	INE087A01019
Global Depository Receipts	US4925322053

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, 18	35,160.36	132.55	113.90	120.95
May, 18	35,322.38	123.50	94.50	94.55
June, 18	35,423.48	96.70	79.50	82.20
July, 18	37,606.58	87.55	68.85	83.50
August, 18	38,645.07	86.80	77.25	79.30
September, 18	36,227.14	81.20	62.25	67.55
October, 18	34,442.05	68.00	54.50	59.00
November, 18	36,194.30	88.70	59.00	85.60
December, 18	36,068.33	99.20	74.90	86.75
January, 19	36,256.69	87.90	70.10	71.45
February, 19	35,867.44	72.55	57.00	62.85
March, 19	38,672.91	84.00	63.00	72.75

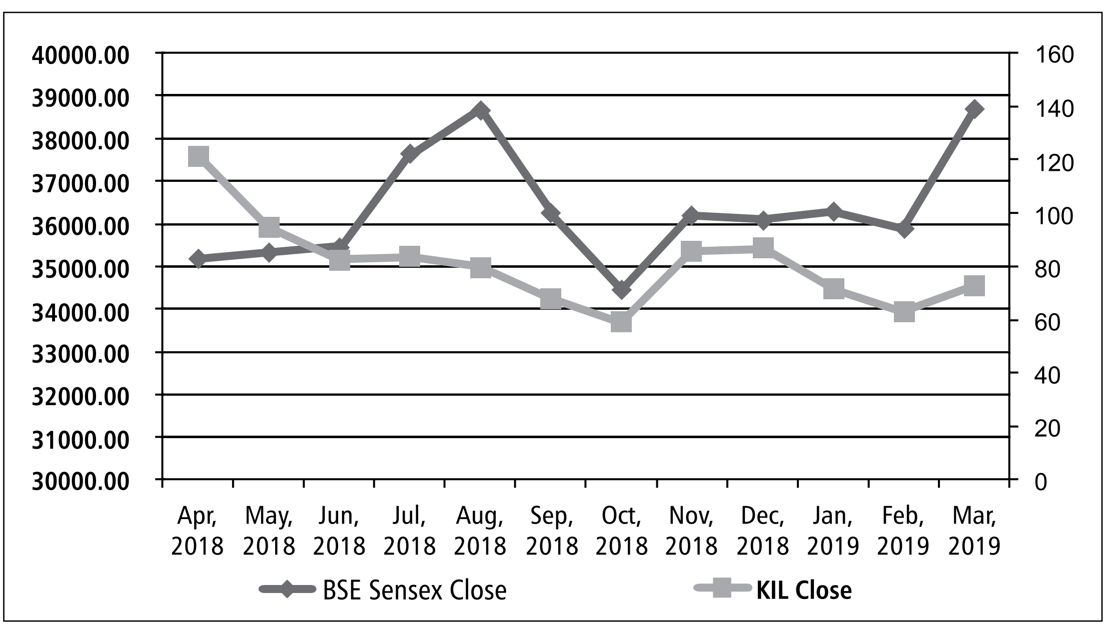
₹/ Share

Month	NSE Nifty Close	Share Price		
		High	Low	Close
April, 18	10,739.35	132.80	144.40	120.85
May, 18	10,736.15	123.45	94.00	94.60
June, 18	10,714.30	97.00	78.30	82.00
July, 18	11,356.50	87.85	68.55	83.50
August, 18	11,680.50	86.80	77.15	79.25
September, 18	10,930.45	81.20	62.10	67.25
October, 18	10,386.60	67.80	54.10	59.00
November, 18	10,876.75	89.00	58.40	85.85
December, 18	10,862.55	99.35	74.50	86.65
January, 19	10,830.95	87.90	70.15	71.20
February, 19	10,792.50	72.65	57.00	62.90
March, 19	11,623.90	84.10	62.90	72.80

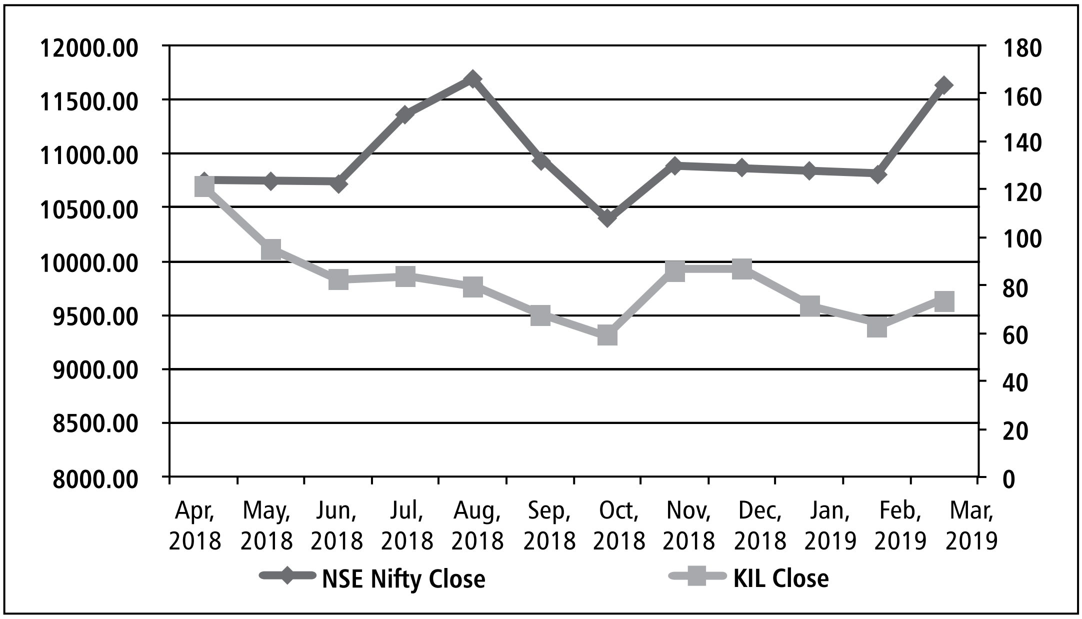
During the year there was no trading on The Calcutta Stock Exchange Ltd. as well as Societe de la Bourse de Luxembourg.

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 2018-19)



Kesoram Industries Limited (KIL) Share Price on NSE vis-a-vis NSE Nifty (2018-19)



g. Registrars and Share Transfer Agents:

MCS Share Transfer Agent Limited
(Unit: Kesoram Industries Limited.)
383, Lake Gardens, 1st Floor, Kolkata -700 045
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 were processed no later than fifteen days from the date of receipt. Individual share transfer requests in physical form were dealt with and approved at the level of Company Executives. SEBI on 28th March, 2018, decided that except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. This measure was to come into effect from December 5, 2018 but the deadline was extended and the aforesaid requirement of transfer of securities only in demat form has come into force from 1st April, 2019.

i. **Distribution of shareholding as on 31st March, 2019**

(a) **According to category of holding:**

Category	No. of Share Holders	% of Share holders	No. of Shares	% of Shares
Promoters	17	0.02	7,58,26,418	53.18
Mutual Funds / UTI	11	0.01	1,19,493	0.08
Financial Institutions & Banks	36	0.04	2,63,001	0.18
Foreign Portfolio Investors	11	0.01	20,75,391	1.46
Insurance Companies	6	0.01	54,34,411	3.81
NRI/OCB's	803	0.92	46,73,614	3.28
Enemy Property	5	0.01	1,296	0.00
Private Body Corporates/Trust	1,183	1.35	1,70,63,717	11.97
Individuals	85,497	97.63	2,97,50,607	20.86
Unclaimed Suspense A/c	1	0.00	5	0.00
GDRs	1	0.00	70,41,875	4.94
IEPF Authority	1	0.00	3,40,251	0.24
Total	**87,572**	**100.00**	**14,25,90,079**	**100.00**

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

No. of Equity Shares held	No. of Share Holders	% of Share holders	No. of Shares	% of Shares
1-100	58,686	67.01	22,47,740	1.58
101-200	9,705	11.08	16,23,065	1.14
201-500	10,029	11.45	36,63,353	2.57
501-1000	4,576	5.23	37,44,568	2.63
1001-5000	3,731	4.26	81,64,818	5.72
5001-10000	463	0.53	34,18,797	2.40
10001 and above	382	0.44	11,97,27,738	83.96
Total:	**87,572**	**100.00**	**14,25,90,079**	**100.00**

j. **Dematerialisation and Rematerialisation**

Requests for Dematerialisation and Rematerialisation should be sent either to the Company's Registrar and Share Transfer Agents 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 dematerialised form. 14,16,58,565 Equity Shares of the Company representing 99.35% of the total Equity Shares issued were held in dematerialised form as on 31st March, 2019 . 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, 2019.

m. **Insider Trading**

The Company has implemented the Code of Internal Procedure & Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.

n. **Plant Locations**

Section	Factory Location	City Office	Run under name & style of
Cement	Sedam, Dist. Gulbarga Karnataka-585222 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, Maharastra State	613 to 616, White House, Block III, 6th Floor, 6-3-1192/1/1, Kundanbagh, Begumpet, Hyderabad – 500016 (Telangana) Phone : +91-40-43344555 Fax: +91-40-43344534	Vasavadatta Cement
	Basantnagar, Dist. Karimnagar Telangana-505187 Phone : +91-8728 -228152/228121 Fax: +91-8728-228160 E-mail: communication@kesoramcement.com	613 to 616, White House, Block III, 6th Floor, 6-3-1192/1/1, Kundanbagh, Begumpet, Hyderabad – 500016 (Telangana) Phone : +91-40-43344555 Fax: +91-40-43344534	Kesoram Cement
Automobile Tyres and Tubes	AT/P.O. Chhanpur, Via. Kuruda, Dist. Balasore, Odisha, Pin-756056 Phone: +91-6782-255080 / 064 / 641 / 780 Fax: +91-6782-255225 E-mail: btbls@birlatyre.com	7th Floor, Birla Building 9/1, R. N. Mukherjee Road Kolkata-700001 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 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:

Share Department
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

Registrars and Share Transfer Agents:
MCS Share Transfer Agent Limited
(Unit: Kesoram Industries Limited)
383, Lake Gardens, 1st F1oor, Kolkata-700 045
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-700 001.
Telephone Nos. : +91 33 22435453/22429454/22135121
Fax No. : +91 33 22109455
E-mail: corporate@kesoram.net

19. 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.

20. CERTIFICATES FROM A PRACTISING COMPANY SECRETARY

a) 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.

b) The Company has obtained a Certificate from a Practising Company Secretary confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority.

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Place: Kolkata
Date : 15th May, 2019

DECLARATION

All Board Members and Senior Management Personnel have affirmed their compliance with the "Code of Conduct for Members of the Board and Senior Management" for the period from 1st April, 2018 to 31st March, 2019 in terms of Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Kesoram Industries Limited**
Chander Kumar Jain
Whole-time Director
DIN: 08125968

Place: Kolkata
Date: 10th May, 2019

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
Kesoram Industries Limited

I have examined all relevant records of **Kesoram Industries Limited ("the Company")** for the purpose of certifying compliance of conditions of Corporate Governance under Para C & D of Schedule V read with Regulation 34(3) of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended on 31st March, 2019. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. My 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. It is neither an audit nor an expression of opinion on the financial statement of the Company. This certificate 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.

On the basis of my examination of the records produced, explanation and information furnished, I certify that the Company has complied with all the mandatory conditions as stipulated under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C & D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Kolkata
Date: 15th May, 2019

SALIL BANERJEE
FCS 2288 CP 1140

CERTIFICATE FROM THE COMPANY SECRETARY IN PRACTICE AS PER PARA C CLAUSE 10 (i) OF SCHEDULE V OF SEBI (LODR) REGULATIONS, 2015

To,
The Members,
Kesoram Industries Limited

I have examined all relevant records including the annual declarations from the directors in Form DIR-8 of **Kesoram Industries Limited ("the Company")** for the purpose of certifying that none of the directors on the board have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority as per Para C Clause 10(i) of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended on 31st March, 2019.

Place: Kolkata
Date: 15th May, 2019

SALIL BANERJEE
FCS 2288 CP 1140

ANNEXURE III

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 Chander Kumar Jain 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)
	2017-18	2016-17	2015-16	
Net Profit (Loss)*	(463.56)	(245.54)	(1003.55)	(570.88)

   *Dividend income of ₹0.05 crore,₹0.06 crore and ₹3.90 crore for the financial years 2017-18, 2016-17and 2015-16 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 2017-18, 2016-17 and 2015-16. 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 2018-19 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 was 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 upto 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.**

On behalf of the Board

Chander Kumar Jain
Whole time Director

Manjushree Khaitan
Chairperson of CSR Committee

Place: Kolkata
Date: 15th May, 2019

ANNEXURE IV

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

₹/crores

Sl. No.	Particulars	Details
1.	Name of the subsidiary	Cygnet Industries Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st March, 2019
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	430.05
5.	Reserves & surplus	(417.88)
6.	Total assets	644.17
7.	Total Liabilities	644.17
8.	Investments	4.53
9.	Turnover	323.36
10.	Profit before taxation	(109.07)
11.	Provision for taxation	Nil
12.	Profit after taxation	(109.07)
13.	Proposed Dividend	Nil
14.	% of shareholding	100.00

Part "B": Associates and Joint Ventures

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

Name of Associates / Joint Ventures	Gondkhari Coal Mining Limited
1. Latest audited Balance Sheet Date	31st March, 2019
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	-
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(0.55)
6. Profit/Loss for the year	
a. Considered in Consolidation	0.00
b. Not Considered in Consolidation	0.00

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Place: Kolkata
Date : 15th May, 2019

ANNEXURE V

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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, 2019** 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, 2019** 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.

I 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**.

Place: KOLKATA
Date: 10.05.2019

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, (upto 30th June, 2017)
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, (upto 30th June, 2017)
17. West Bengal Value Added Tax Act and Rules ,(upto 30th June, 2017)
18. The Industrial Employment (Standing Orders) Act, 1946,
19. Central Sales Tax Act,(upto 30th June, 2017)
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
26. Goods and Service Tax (effective from 1st July, 2017)

'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 records 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. Whereever required, I have obtained 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: 10.05.2019

SALIL BANERJEE
FCS 2288 CP 1140

ANNEXURE VI

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, 2019.

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 - 0.46:1 Manjushree Khaitan - 67.75:1 Amitabha Ghosh - 3.59:1 Kashi Prasad Khandelwal - 3.50:1 Sudip Banerjee - 2.86:1 Lee Seow Chuan - 3.55:1 Jikyeong Kang - 2.01:1 Siddhartha Mohanty*** - 0.92:1 Chander Kumar Jain**** - 54.30:1 Tridib Kumar Das* - 45.24:1
(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 - 0.00 Manjushree Khaitan - (0.43) Amitabha Ghosh - 4.00 Kashi Prasad Khandelwal - 4.11 Sudip Banerjee - 8.77 Lee Seow Chuan - (9.79) Jikyeong Kang - 0.00 Siddhartha Mohanty - (300.00) Chander Kumar Jain**** - 0.00 Tridib Kumar Das* - (59.11) Key Managerial Person : P Radhakrishnan** CFO - 0.00 Gautam Ganguli, CS - (1.10)
(iii)	The percentage increase in median remuneration of employees in the Financial Year.	20.05%
(iv)	The number of permanent employees on the rolls of Company.	4967 employees as on 31.03.2019
(v)	a) Average percentile increase already made in salaries of employees other than the managerial personnel in the last Financial Year b) Its comparison with the percentile increase in the managerial remuneration. c) Justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	a) (3.20) b) 11.19 c) There are no exceptional circumstances in increase in managerial remuneration.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

*Tridib Kumar Das resigned w.e.f. 30.08.2018.

** Appointed as a CFO effective 31.08.2018.

*** sitting fees paid to LICI

**** Appointed as a WTD effective 04.05.2018.

On behalf of the Board

Kashi Prasad Khandelwal
Director

Chander Kumar Jain
Whole-time Director

Place: Kolkata
Date: 15th May, 2019

ANNEXURE VII

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 Businesses in relation to conservation of energy.

Cement

In Cement Mill-3 Section Cunter shaft Oil Circulation Motor is having suitable motor (0.75 Kw) in place of higher capacity Motor (2.2 Kw). In Packing Plant Section 1, 2 and 3, Remote junction box near silo feeding area has been installed for start up of plant instead of starting from MCC, resulting in avoidance of both power loss and time delay. In Kiln-1, Cooler Fan-3 suction side RCC structure created obstructing the air flow. Thus, reduced fan inlet duct length without disturbing the bell mouth resulting in power saving. Provided an arrangement for running standby pumps-2&3 on same VVVF drive for Raw water pump in CPP Modified / separated compressed Air line systems for Bag Dispatches and Bulk Cement Dispatches, hence compressor air consumption minimized, thus power saving is achieved. In Cooler ESP Collection Transport system all the equipments are running in DCS with time delay thus results in power saving. In CPP, Coal Handling plant, rotary lock has been provided in DCS thus results in power saving. Provided intermittent timer control for coal conveyor running belt and off delay timer for magnetic separator unit in CPP. In Cement Mill-2, For Bag Filter Rotor Lock 1&2 Gear Box Motor is replaced with Gear Motor. In Kiln-1, Damper removed and VVVF drive placed for C-Line coal weigh Feeder Dust Collector Fan, thus resulting in Power Saving. VVVF drive installed for Raw Mill-2 Transfer point dust collector, thus resulted in power saving. To avoid idle running hours of Coal crusher in Kiln section, Coal Crusher is running in DCS Mode. Replacement of 400 W MH light fittings with 15W LED lights. VVVF drive with Change over switch arrangement has provided for operation of Kiln-1 Roots Blower Motor 1 & 2. Replacement of 400 W MH light fittings with 90W LED lights infront of stores street lighting pole. 12 Nos. Tube light fittings removed at vehicle stand area infront of factory main gate, thereby saving in lighting power. Reduction of power consumption in Limestone crusher by increasing the output of crusher. Reduction of Kiln-1 K-Line PH fan Speed by arresting the air ingress into the system from Heat Exchanger Tubes.

Tyre

EMS Project (Energy Management System) has been launched to enhance Awareness, Reduce Wastages, Enhance Generation Efficiency. Twenty Non Capex Kaizens have been completed for Energy Conservation. Few examples of Kaizens are listed below. Reduction of running hour of HP Air compressor by arresting leakages, L P steam Line modification to reduce steam venting, Reducing the power consumption of (-) Chiller (Ice Plant) of Tube Section by reducing Ice exposed area with Insulation. Replacing HPMV light with LED light in Tyre Building, Reducing the power consumption of cooling tower Pump & Fans by commissioning of separate existing cooling tower for TG2.

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

Cement

During FY 2018-19 Fly Ash injection was maintained at 35.00% for PPC Manufacturing. During FY 2018-19 5.00% Performance Improver was added (Fly Ash) in OPC Manufacturing.

Tyre

Bio Mass Fuel feasibilty for Boilers has been initiated and the same shall be concluded on priority.

iii) Capital investment on energy conservation equipments

Tyre

₹1.68 crore

B. TECHNOLOGY ABSORPTION:

i) Efforts made towards technology absorption

Cement

Installed SPRS system for Kiln-1 C-Line Waste Gas fan. FRP Epoxy energy efficient fans are installed for CPP Cooling tower fans, resulting in the power saving. 20 Nos. Energy efficient E-Glass EPOXY FRP Shell Cooling Fans were installed for Kiln-1 resulting in the power saving. Installed 1000 LPD Solar Water Heaters at Ajanta Guest House.

Tyre

Adaptation of Tyre Simulation Technology in Truck Bus Radial (TBR) Tyre Design. Without chafer Truck Bus Radial Tyre (TBR) technology development. New TBR size (295/80R22.5 and 11.00R20) Development for Domestic market. 25 New 2 Wheeler size development. New Tread compound developed and industrialized for TBR steer tyre application.

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

Cement

In Mines, Bottom inititation system (Nonnels) are being used instead of top intiation in blasting to increase the loading efficiency of the shovel. Avoided idle running hours of Kiln-2 cross DPC discharge dust collector system by running the fan, screw and R/Lock in DCS system instead of manual operation. Avoided idle running hours of Kiln-2 camera cooling pump and heat exchange blower motor in DCS system instead of manual operation. For ESP rapping controller, PLC is placed in place of rapping controller. In CPP 100NB diaphragm in DM plant are being re-utilised with small in house repair jobs. In Cement mill-1, A-90R gear box input shaft (Providing of sleeve (bush) at shaft wornout portion to suit existing 22238 bearing and oil seal 225X186X16). In Packing plant unit-2 ,provided pneumatic cylinder operated butter fly valve for Packer machine discharge hopper air slide and no.3 dust collector air slide boxes to avoid jamming. In Mines, L&T 300CK Excavator is repaired in-house (S30 valve bank). In Kiln-1&2 outlet seal spring plates are added with a weight by tying with a 16mm wire rope around the spring plates to avoid the small gaps in between the plates, there by reduction in the false air infilteration and also avoid the clinker dust spillage on the floor. In CPP Coal Auto Sample has been installed for uniform collecting samples at uniform intervals. Cannibalization to good condition track chain links to make a full track chain assy. Installation of mechanically operated sensor called panel mount roller plunger in place of hydraulically operated sensor. This recede Reduced the break downs and stopped the premature failure of the transmission. In Raw Mills, Dust collector sequential timer running indication in DCS. Installation of guard to the shovel bucket at bottom dump cylinder pin area at Mines. Provided a guard round the pin to protect the hitting of the bolders while loading. Up gradation of K-2 coal pocket filter (PC side). The existing bag filter is of collar type which is obsolete design and modified tube sheet suitable for snap type bag.

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. New cut and heat resistant OTR tread compound development. Two Number of TBR tyre were designed, produced and marketed in this year. 2 number of Fuel efficient light weight Bias Tyre “Fuel Mile” are developed. Use of 5% Recycled Material (Crumb & Reclaim Rubber) for environmental protection. Use more domestic synthetic rubber to reduce import.

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.

(b) Year of import

Not applicable.

(c) Whether the technology has been fully absorbed

Not applicable.

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof

Not applicable.

iv) Expenditure incurred on Research & Development:

Cement

₹1.54 crore

Tyre

₹4.09 crore

C. FOREIGN EXCHANGE EARNINGS AND OUTGO ₹/crores

	2018 - 19	2017 - 18
Foreign exchange earned (F.O.B basis)	129.29	154.89
Foreign exchange outflow	213.92	352.57

On behalf of the Board

Kashi Prasad Khandelwal
Director

Place: Kolkata
Date: 15th May, 2019

Chander Kumar Jain
Whole Time Director

SUMMARISED BALANCE SHEET FOR THE LAST FIVE YEARS

(All amounts in Rupees Crores, except otherwise stated)

Particulars		31-3-2019*	31-3-2018*	31-3-2017*	31-3-2016	31-3-2015
a.	Net Fixed Assets					
	Gross Fixed Assets	3421.52	3,395.78	2,863.91	3,635.18	3,784.58
	Less: Total depreciation	372.88	249.75	122.83	1,677.43	1,689.60
		3048.64	**3,146.03**	**2,741.08**	**1,957.75**	**2,094.98**
b.	Investments	507.12	508.41	101.25	705.62	766.41
c.	Other Non Current Assets / (Liabilities) (net)	(145.62)	(119.78)	198.92	381.79	85.92
d.	Other Current Assets / (Liabilities) (net)	(90.56)	580.46	983.40	2,061.53	1,636.59
	Capital Employed	**3319.58**	**4,115.12**	**4,024.65**	**5,106.69**	**4,583.90**
e.	Less: Loan Funds	2789.39	3,341.42	3,178.38	4,703.60	4,496.55
	Net Worth	**530.19**	**773.70**	**846.27**	**403.09**	**87.35**
	THEREFORE, COMPANY'S NET WORTH REPRESENTED BY					
a.	Equity Share Capital	142.59	137.34	117.27	124.77	109.77
b.	Reserve & Surplus	387.60	636.36	729.00	278.32	(22.42)
		530.19	**773.70**	**846.27**	**403.09**	**87.35**

* Figures for 31-03-2019, 31-03-2018 and 31-03-2017 are as per Ind AS comliant financial statements. Previous periods figures are as per previous GAAP financial statements.

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

SUMMARISED STATEMENT OF PROFIT AND LOSS FOR THE LAST FIVE YEARS

(All amounts in Rupees Crores, except otherwise stated)

Particulars		2018-19**	2017-18**	2016-17**	2015-16*	2014-15
RECEIPTS						
1. Revenue From Operations		3878.66	3,704.57	4,137.42	4,387.10	4,873.37
2. Other Income		109.65	153.23	227.37	1,256.00	474.95
Total Receipts	**(A)**	**3988.31**	**3,857.80**	**4,364.79**	**5,643.10**	**5,348.32**
EXPENDITURES						
1. Raw Materials and Finished Goods		1198.35	1,220.46	1,331.02	1,643.71	2,087.08
2. Employee Benefit Expenses		271.54	323.41	313.21	389.13	469.61
3. Other Expenses		2213.09	2,229.97	2,469.52	2,670.82	2,200.83
4. Finance Costs		438.45	421.24	282.10	677.54	680.58
Total Expenses	**(B)**	**4121.43**	**4,195.08**	**4,395.85**	**5,381.20**	**5,438.10**
GROSS PROFIT /(LOSS)	**(A-B)**	**(133.12)**	**(337.28)**	**(31.06)**	**261.90**	**(89.78)**
OTHER COMPREHENSIVE INCOME		**1.55**	**(1.74)**	**6.27**	**-**	**-**
TOTAL COMPREHENSIVE INCOME		**(131.57)**	**(339.02)**	**(24.79)**	**261.90**	**(89.78)**
APPROPRIATIONS/TRANSFERS						
1. Depreciation (Net)		133.08	128.23	123.05	124.78	276.90
2. Provision for Taxation		(11.95)	-	2.33	-	-
3. Reversal of MAT Credit Entitlement		-	-	-	-	-
4. Provision for Deferred Tax - charge/ (credit)		-	(2.00)	(1.57)	-	-
5. Surplus/(Deficit)		(252.70)	(465.25)	(148.60)	137.12	(366.68)
		(131.57)	**(339.02)**	**(24.79)**	**261.90**	**(89.78)**

* All figures are inclusive of Discontinuing Operation.

** Figures for 2018-2019, 2017-2018 and 2016-2017 are as per Ind AS comliant financil statements. Previous periods figures are as per previous GAAP financial statements.

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

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To The Members of Kesoram Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Kesoram Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income),the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Impairment of Investment in subsidiary and Loan to subsidiary (Cygnet Industries Limited) – Notes 5A and 7B of the standalone financial statements** The Company has a wholly owned subsidiary, Cygnet Industries Limited, which is involved in the business of manufacturing Rayon and Transparent paper. As at 31st March, 2019, the Company has an investment of ₹430.05 crores and has an outstanding loan of ₹333.56 crores in the said subsidiary. Considering the unfavourable financial performance of the subsidiary, the impairment of this investment and the recoverability of the loan could be dependent on projections by the management, which are based on assumptions.	**How the Key Audit Matter Was Addressed in the Audit** Our audit procedures included challenging management on the appropriateness of the impairment models and reasonableness of the assumptions used, focusing in particular the business projections of Cygnet Industries Limited through the following procedures: • We obtained an understanding of controls instituted by the management to assess impairment indicators and tested the effectiveness of the management controls over the impairment assessment process and preparation of impairment workings.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td></td><td>We have considered impairment of investment and loans to subsidiary as a Key Audit Matter considering the fact that the investments and the loan are material to the financial statements and significant judgements and estimates are involved to assess whether there are indicators of impairment, such as:
• The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose, requires estimations on the part of management. Recoverable amounts are based on management's judgement and estimate. We have considered projected volumes, EBITDA margins, discount rate and the long term growth rates as key inputs in the impairment analysis.
• Risk regarding the business projections prepared by the management as projected revenue and cost are sensitive to reasonably possible changes in the assumptions used, which could result in the calculated recoverable amount being lower than the carrying value, resulting in an impairment charge.</td><td>• Benchmarking key market-related assumptions in the models, including discount rates and long term growth rates, against external data, using our valuation specialists;
• Tested the mathematical accuracy and performed sensitivity analysis in order to assess the potential impact of changes in the inputs used on the recoverable amount;
• Performed a detailed analysis of the revenue and cost projections and various assumptions relating to revenue growth and compared the revenue projections based on the past actual figures to understand the appropriateness/realistic of the management estimates.
• Evaluated the adequacy of disclosures in the financial statements with respect to the assumptions and checked whether they were appropriately presented.</td></tr>
<tr><td>2.</td><td>Tangible property, plant and equipment - Tyre division - impairment assessment [Note 39 of the standalone financial statements]
The tyre division of Kesoram Industries Limited has been making continuous losses in past few previous years due to various internal and external factors. As at 31st March, 2019 the written down value of the fixed assets amounted to ₹1,321.81 crores [this includes ₹749.49 crores for Passenger Car Radial Tyres, which is yet to commence commercial operations]. The Company has announced demerger of its tyre business on 4th December, 2018. Considering the continuous losses incurred by the tyre division, the probability of impairment could be dependent on assumptions and methodology used for the fair valuation of the Property, Plant and Equipment by the management appointed external experts.
Impairment assessment of the Property, Plant and Equipment of the tyre division is considered as a Key Audit Matter since there is significant management judgements and estimates involved in the impairment assessment, such as:
• The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose.
• The methodology used in determination of the fair value of assets by management appointed external experts may be dependent on interpretation of the valuation standards and the assumptions used such as inflation index rates, useful lives, salvage value.</td><td>How the Key Audit Matter was Addressed in the Audit:
Our audit procedures included challenging management on the appropriateness and reasonableness of the fair valuation approach and assumptions used for determining the fair value of assets by external experts through performing the following:
• We obtained an understanding of controls instituted by the management to assess impairment indicators and tested the operation of the management controls over the impairment assessment process and review of fair valuation report obtained from the external experts.
• Tested the reasonableness of the fair valuation methodology used and the assumptions made for determining the fair value of the assets using our internal fair valuation specialists.
• Reconciled the carrying amount of the assets category wise as per the valuation report provided by the management and as per the books.
• Evaluated the adequacy of disclosures in the financial statements with respect to the assumptions and checked whether they were appropriately presented.</td></tr>
</table>

Information Other than the Financial Statements and Auditor's Report thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Report of the Directors and the following Annexures thereto (namely Management Discussion and Analysis, Report on Corporate Governance, Annual Report on Corporate Social Responsibility Activities, Form AOC – 1, Conservation of energy, Technology Absorbtion and exchange Earnings and Outgo) but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report:

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

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

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity 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 Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Place: Kolkata
Date: 15th May, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Kesoram Industries Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us 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 31st March, 2019 based on the criteria for internal financial control over financial reporting 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 Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Place: Kolkata
Date: 15th May, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner 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 program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed, transfer deed, conveyance deed, mutation of title papers, provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company.

Immovable properties of land and buildings whose title deeds have been pledged as security for loans, guarantees, etc., are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

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

(iii) According to the information and explanations given to us, the Company has granted loans, unsecured, to companies, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest except for one loan to Gondkhari Coal Mining Limited a joint venture aggregating ₹ 7.11 crore as on 31st March, 2019, with a maximum amount of ₹7.11 crore outstanding during the year, which was granted without any agreement specifying terms and conditions, and is therefore in our opinion prejudicial to the Company's interests.

(b) In respect of the aforesaid loan of ₹7.11 crore, the outstanding towards principal is fully provided for and no interest is being charged. The other loan amounting to ₹333.56 crore is repayable on demand. The party is regular in repayment of principal and payment of interest as applicable.

(c) In respect of the aforesaid loans, except for an amount aggregating ₹7.11 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 Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and had no unclaimed deposits at the beginning of the year as per the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained . We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Cess and other material statutory dues applicable to it to the appropriate authorities except for Goods and Service tax (including interest thereon) though the delays in deposit have not been serious.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Cess and other material statutory dues in arrears as at 31st March, 2019 for a period of more than six months from the date they became payable except for Goods and Service tax (including interest) the details of which are given below:

Name of the Statute	Nature of Dues	Amount (₹ In Crores)	Period to which the amount relates	Due date	Date of Payment
The Central, State and Integrated Goods and Service Tax Act, 2017	Goods and Service tax	7.65	2017-2018	Various dates in 2017 – 2018 starting from December, 2017	Not paid till date
The Central, State and Integrated Goods and Service Tax Act, 2017	Interest on unpaid amount of goods and service tax	1.51	2017-2018	Not Applicable	Not paid till date
The Central, State and Integrated Goods and Service Tax Act, 2017	Goods and Service tax	11.03	2018-2019	Various dates in 2018 – 2019 starting from May, 2018	Not Paid till date
The Central, State and Integrated Goods and Service Tax Act, 2017	Interest on unpaid amount of goods and service tax	3.39	2018-2019	Not Applicable	Not paid till the date

The Company was hitherto charging GST @ 18% on sale of Tubes and Flaps even on composite supply with tyres on which the rate was 28%. The Company has started levying GST to its customers @ 28% on Tubes and Flaps instead of 18% on composite supply based on industry position change with retrospective effect from November 2017. The Company has issued debit notes to its customers for the differential amount of GST in the month of March 2019. The above table includes an amount of ₹16.70 crore and ₹2.64 crore remained unpaid on account of GST and interest respectively at the end of the year

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31st March, 2019 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period	Amount (₹ In Crores)
Andhra Pradesh General Sales Tax Act, 1957	Sales Tax	Tribunal	2003-2004	0.11
Andhra Pradesh VAT Act	Sales Tax	High Court	2006-2010	0.64
Bihar VAT Act, 2005	Sales Tax	Commissioner (Appeals)	2013-2014	0.65
Bombay Sales Tax Act	Sales Tax	Deputy Commissioner of Sales Tax (Appeals), Amravati Division	2003-2005	0.32
Central Excise Act, 1944	Central Excise	Additional Commissioner	2005-2007	2.68
Central Excise Act, 1944	Central Excise	Assistant Commissioner	1991-1992,1992-1993, 1993-1994,1994-1995, 1995-1996,1996-1997, 1997-1998,1998-1999, 1999-2000,2002-2003, 2003-2004,2004-2005, 2005-2006, 2006-2007	7.39
Central Excise Act, 1944	Central Excise	CESTAT	1975-1999,1999-2000, 2000-2001,2001-2002, 2002-2003,2003-2004, 2004-2005,2005-2006, 2006-2007,2007-2008, 2008-2009,2009-2010, 2010-2011,2011-2012, 2012-2013,2013-2014, 2014-2015, 2015-2016	107.04
Central Excise Act, 1944	Central Excise	Commissioner	1985-1990, 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2003-2005, 2005-2006, 2007-2008, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2014-2015	32.51
Central Excise Act, 1944	Central Excise	Commissioner (Appeals)	1994,1997-1998, 2002-2003,2003-2007, 2007-2011,2016-2017	10.24
Central Excise Act, 1944	Central Excise	Deputy Commissioner	2004	0.03
Central Excise Act, 1944	Central Excise	High Court	1994,2005-2007	0.40
Central Excise Act, 1944	Central Excise	Superintendent of Central Excise	1979-1983, 1992-1993, 1995-2000, 2001-2006, 2011-2013, 2015-2016	0.49

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period	Amount (₹ In Crores)
Central Excise Act, 1944	Central Excise	Supreme Court	2010	0.08
Central Sales Tax Act, 1956	Sales Tax	Additional Commissioner	1996-1997, 2014-2015	0.10
Central Sales Tax Act, 1956	Sales Tax	Assistant Commissioner	2016-2017	0.06
Central Sales Tax Act, 1956	Sales Tax	CESTAT	2009-2010	20.73
Central Sales Tax Act, 1956	Sales Tax	Commercial Tax Officer	2013-2014	0.06
Central Sales Tax Act, 1956	Sales Tax	Commissioner (Appeals)	2010-2011	0.06
Central Sales Tax Act, 1956	Sales Tax	Deputy Commissioner	2012-2013	0.02
Central Sales Tax Act, 1956	Sales Tax	High Court	1999-2000, 2001-2002, 2003-2004, 2006-2007, 2009-2010, 2011-2012, 2015-2016	7.83
Central Sales Tax Act, 1956	Sales Tax	Joint Commissioner (Appeals)	2003-2004	2.23
Central Sales Tax Act, 1956	Sales Tax	Karnataka Appellate Tribunal, Bangalore	2004-2005	1.27
Central Sales Tax Act, 1956	Sales Tax	Revisional Board	2008-2009,2010-2011	0.07
Central Sales Tax Act, 1956	Sales Tax	Sales Tax Tribunal	2002-2003,2004-2005, 2007-2008,2008-2009, 2009-2010,2010-2011	13.30
Central Sales Tax Act, 1956	Sales Tax	Supreme Court	2003-2004	1.83
Central Sales Tax Act, 1956	Sales Tax	WB Appellate & Revisional Board	2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011	7.65
CST Demanded under UP Trade Act,1948	Sales Tax	Additional Commissioner (Appeals)	2005-2006, 2006-2007	0.01
Customs Act 1962	Custom Duty	Assistant Commissioner of Customs	2008-2010	0.02
Customs Act 1962	Custom Duty	CESTAT	2014-2015	1.44
Finance Act , 1994	Service Tax	CESTAT	2005-2006 to 2016-2017	46.85
Finance Act , 1994	Service Tax	Commissioner (Appeals)	2009-2010	0.03
Finance Act , 1994	Service Tax	Superintendent of Central Excise	2013-2014, 2014-2015	0.11
Gujarat VAT Act	Sales Tax	Commercial Tax Officer	2013-2014	0.58
Jharkhand VAT Act, 2005	Sales Tax	Commissioner	2010-2011, 2012-2013	0.73
Jharkhand VAT Act, 2005	Sales Tax	Tribunal	2010-2011	0.14
Kerala VAT Act	Sales Tax	Deputy Commissioner	2011-2012	2.14

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period	Amount (₹ In Crores)
Odisha Value Added Tax Act, 2004	Sales Tax	Additional Commissioner (Appeals)	2010-2011, 2011-2012	11.46
Odisha Value Added Tax Act, 2004	Sales Tax	Deputy Commissioner	2016-2018	0.54
Odisha Value Added Tax Act, 2004	Sales Tax	Joint Commissioner (Appeals)	2015-2016	0.32
Odisha Value Added Tax Act, 2004	Sales Tax	Sales Tax Tribunal	2005-2006, 2008-2009, 2009-2010	5.43
Rajasthan VAT Act, 2003	Sales Tax	Deputy Commissioner	2008-2009	0.01
UP Trade Tax Act,1948	Sales Tax	Additional Commissioner (Appeals)	2006-2007	0.09
UP VAT	Sales Tax	Additional Commissioner (Appeals)	2010-2011, 2011-2012, 2013-2014	0.46
WB Sales Tax Act,1994	Sales Tax	WB Taxation Tribunal	1998-1999	0.07
WB Sales Tax Act,1994	Sales Tax	Deputy Commissioner	1995-1996, 1997-1998	0.21
WB VAT Act, 2003	Sales Tax	Revisional Board	2007-2008, 2008-2009, 2009-2010, 2010-2011	8.69
WB VAT Act, 2003	Sales Tax	WB Appellate & Revisional Board	2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010	6.07
WB VAT Act, 2003	Sales Tax	WB Taxation Tribunal	2006-2007, 2010-2011	3.24
Delhi Sales Tax Act, 1975	Sales Tax	Assessing Authority	1999-2000	0.42

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, the term loans taken have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company had made preferential allotment of shares and fully convertible warrants under section 42 and 62(1)(c) of the Companies Act, 2013 and other relevant SEBI ICDR Regulations during the year ended 31st March, 2018. The Company had received 90% of the total subscription amount in the year ended 31st March, 2018 and balance 10% has been received in the current year.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Place: Kolkata
Date: 15th May, 2019

Balance Sheet

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Notes	31st March, 2019	31st March, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	2,260.94	2,365.34
(b) Capital work-in-progress		787.68	780.58
(c) Other intangible assets	4	0.02	0.11
(d) Investments in subsidiary and joint venture	5	430.05	430.05
(e) Financial assets			
(i) Investments	6	77.07	78.36
(ii) Loans	7	-	-
(iii) Other financial assets	8	16.25	12.86
(f) Income tax asset (net)		22.12	59.99
(g) Other non-current assets	9	75.43	88.01
Total non-current assets		**3,669.56**	**3,815.30**
(2) Current assets			
(a) Inventories	10	300.98	387.26
(b) Financial assets			
(i) Trade receivables	11	555.44	535.15
(ii) Cash and cash equivalents	12	18.24	66.99
(iii) Other bank balances	13	27.94	31.46
(iv) Loans	7	338.18	436.03
(v) Other financial assets	8	19.21	184.56
(c) Other current assets	9	184.54	205.49
Total current assets		**1,444.53**	**1,846.94**
Total assets		**5,114.09**	**5,662.24**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14 (a)	142.59	137.34
(b) Other equity	14 (b)	387.60	636.36
Total equity		**530.19**	**773.70**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	2,031.47	2,120.00
(ii) Other financial liabilities	16	227.29	249.98
(b) Provisions	17	30.76	29.02
(c) Deferred tax liabilities (net)	18	-	-
(d) Other Non-current liabilities	19	1.37	1.64
Total non-current liabilities		**2,290.89**	**2,400.64**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	757.92	1,221.42
(ii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		8.30	2.40
Total outstanding dues of creditors other than micro enterprises and small enterprises		829.34	683.53
(iii) Other financial liabilities	16	247.12	219.90
(b) Provisions	17	131.03	141.66
(c) Income tax liabilities (net)		46.42	53.64
(d) Other current liabilities	19	272.88	165.35
Total current liabilities		**2,293.01**	**2,487.90**
Total liabilities		**4,583.90**	**4,888.54**
Total equity and liabilities		**5,114.09**	**5,662.24**
Notes forming part of the Financial Statements	1 - 45		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date : 15th May, 2019

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Statement of Profit and Loss

(All amounts in Rupees crores, unless otherwise stated)

	Particulars	Notes	2018-2019	2017-2018
I	Revenue from operations	21	3,878.66	3,704.57
II	Other income	22	109.65	228.46
III	**Total Income (I+II)**		**3,988.31**	**3,933.03**
IV	**Expenses:**			
	(a) Cost of materials consumed	23	1,046.96	1,027.40
	(b) Purchases of stock-in-trade		89.15	145.35
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	62.24	47.71
	(d) Excise duty on sale of goods		-	117.46
	(e) Employee benefit expense	25	271.54	323.41
	(f) Depreciation and amortisation expense	26	133.08	128.23
	(g) Finance costs	27	438.45	421.24
	(h) Other expenses	28	2,213.09	2,112.51
	Total Expenses		**4,254.51**	**4,323.31**
V	**Profit/(Loss) before exceptional items and tax (III-IV)**		**(266.20)**	**(390.28)**
VI	**Exceptional Items**	29	**-**	**(75.23)**
VII	**Profit/(Loss) before tax (V+VI)**		**(266.20)**	**(465.51)**
VIII	**Tax expense:**	30		
	(1) Current tax charge / (credit) (in respect of earlier year)		(11.95)	-
	(2) Deferred tax charge / (credit)		-	(2.00)
	Total tax expense		**(11.95)**	**(2.00)**
IX	**Profit/(Loss) for the year (VII-VIII)**		**(254.25)**	**(463.51)**
X	**Other Comprehensive Income**			
	Items that will not be reclassified to Profit or Loss			
	Remeasurement of post-employment benefit plans		0.11	(7.67)
	Fair value changes of investments in equity shares		1.44	7.93
	Income tax relating to items that will not be reclassified to the statement of Profit and Loss		-	(2.00)
	Total other comprehensive income/(loss)		**1.55**	**(1.74)**
XI	**Total comprehensive income/(loss) for the year (IX+X)**		**(252.70)**	**(465.25)**
XII	**Earnings per share**	31		
	Basic (₹)		(17.84)	(37.66)
	Diluted (₹)		(17.84)	(37.66)
XIII	**Notes forming part of the Financial Statements**	1 - 45		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date : 15th May, 2019

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Statement of Cash Flows

(All amounts in Rupees crores, unless otherwise stated)

Particulars	2018-2019	2017-2018
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before tax	(266.20)	(465.51)
Adjustments for:		
Depreciation and amortisation	133.08	128.23
Advances/deposits written off	2.32	1.37
Provision for bad and doubtful debts charged/(written back)	4.06	(5.30)
Provision for warranty	18.17	24.34
Provision for decommissioning obligation	0.84	0.75
Provision for doubtful advances	9.32	34.51
Provision for contingencies	-	18.41
Exchange loss/(gain) on derivatives instruments	0.01	(0.49)
Finance costs	438.45	421.24
Exchange loss/(gain) on foreign currency fluctuation	2.95	(1.42)
Exceptional Items	-	41.36
Loss on sale of property, plant and equipment (net)	3.96	4.38
Liabilities/Provision no longer required written back	(16.53)	(15.65)
Interest income	(65.90)	(197.83)
Dividend income from long term investment (other than trade)	(0.05)	(0.07)
Operating profit/(loss) before working capital changes	**264.48**	**(11.68)**
Changes in Working Capital:		
Increase / (decrease) in Non Current /Current financial and other liabilities/provisions	207.02	221.29
(Increase) / decrease in Non Current /Current financial and other assets	167.47	(10.62)
(Increase) / decrease in inventories	86.28	31.45
Cash Generated from Operations	**725.25**	**230.44**
Direct Taxes paid (net of refunds)	30.65	(15.78)
Net cash generated from operating activities	**755.90**	**214.66**
B. Cash flow from Investing Activities:		
Purchase of property, plant and equipment/capital advance given	(27.73)	(645.83)
Proceeds from sale of property, plant and equipment	5.97	1.86
Refund of capital advance	-	256.71
Loan given to subsidiary	(591.45)	(944.20)
Repayment of loans given to subsidiary	652.33	701.82
Proceeds from sale of Non Current investments	2.73	0.62
Interest received	94.88	175.57
Deposit redemption with bank	(0.31)	-
Dividend income from long term investment (other than trade)	0.05	0.07
Net cash generated / (used in) from investing activities	**136.47**	**(453.38)**
C. Cash flow from Financing Activities		
Proceeds from Issue of Equity Shares	-	219.99
Proceeds from issue of share warrants	9.19	82.69
Finance cost paid	(416.99)	(437.01)
Proceeds from		
- Long term borrowings	50.00	530.00
- Short term borrowings	664.94	3,645.28
Repayment of		
- Long term borrowings	(112.52)	(430.51)
- Short term borrowings	(1,517.54)	(3,550.93)
Net cash (used)/generated in financing activities	**(1,322.92)**	**59.51**

Statement of Cash Flows (contd.)

(All amounts in Rupees crores, unless otherwise stated)

Particulars	2018-2019	2017-2018
Net decrease in cash and cash equivalents	**(430.55)**	**(179.21)**
Cash and cash equivalents at the beginning of the year	66.99	152.30
Cash and cash equivalents on acquisition of an undertaking	-	0.04
Less: Cash credits at the beginning of the year	(220.70)	(126.84)
Adjusted cash & cash equivalents at the beginning of the year	**(153.71)**	**25.50**
Cash & cash equivalents at the end of the year	**(584.26)**	**(153.71)**

Particulars	2018-2019	2017-2018
Cash and Cash Equivalents comprise :		
Cash on hand	0.05	0.14
Cheques on hand	6.49	19.14
Balances with banks on current account	11.69	19.00
Balances with banks on Cash Credit Accounts	-	28.71
Deposit with original maturity for less than three months	0.01	-
Cash credits at the end of the year	(602.50)	(220.70)
	(584.26)	**(153.71)**

Notes:

1. The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".
2. During the year, the Company alloted 52,50,000 Equity Shares of face value ₹10 each on preferential basis to a promoter group entity by conversion of the existing 52,50,000 convertible warrants of ₹10 each issued at a premium of ₹165 each , on account of conversion option excercised by the promoter group entity.
3. During the previous year, the Company allotted 75,00,000 Equity Shares of face value ₹10 each to IndusInd Bank Ltd by converting the existing 7,50,000 Optionally Convertible Preference Shares of ₹100 each at the stipulated price of ₹120 per Equity Share on account of conversion option exercised by IndusInd Bank Ltd.
4. During the previous year, the Company has converted its loan of ₹400 crores to subsidiary company into 40,00,00,000 equity shares of ₹10 each at par aggregating to ₹400 crores.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date : 15th May, 2019

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Statement of Changes in Equity

(All amounts in Rupees crores, unless otherwise stated)

A. Equity share capital

Particulars	Notes	Amount
As at 1st April, 2017		117.27
Changes during the year	14 (a)	20.07
As at 31st March, 2018		**137.34**
Changes during the year	14 (a)	5.25
As at 31st March, 2019		**142.59**

B. Other equity

Particulars	Notes	Share warrants	Securities Premium	Capital reserve - Development grant/ subsidy	Capital reserve -Amalgamation reserve	Capital Redemption Reserve	General reserve	Others **	Retained earnings	FVOCI - equity instruments	Total other equity
Balance at 1st April, 2018		82.69	714.64	0.40	2.91	3.59	224.00	7.31	(458.57)	59.39	**636.36**
Profit/(Loss) for the year		-	-	-	-	-	-	-	(254.25)	-	**(254.25)**
Other comprehensive income/ (expense) [net of tax]		-	-	-	-	-	-	-	0.11	1.44	**1.55**
Total comprehensive income for the year		-	-	-	-	-	-	-	**(254.14)**	**1.44**	**(252.70)**
Issue of equity shares and warrants		(82.69)	86.63	-	-	-	-	-	-	-	**3.94**
Transfer within equity *	14(b)	-	-	-	-	-	-	-	2.72	(2.72)	-
Balance as at 31st March, 2019		**-**	**801.27**	**0.40**	**2.91**	**3.59**	**224.00**	**7.31**	**(709.99)**	**58.11**	**387.60**

Particulars	Notes	Share warrants	Securities Premium	Capital reserve - Development grant/ subsidy	Capital reserve -Amalgamation reserve	Capital Redemption Reserve	General reserve	Others **	Retained earnings	FVOCI - equity instruments	Total other equity
Balance at 1st April, 2017		-	424.72	0.40	2.91	3.59	224.00	7.31	11.99	54.08	**729.00**
Profit/(Loss) for the year		-	-	-	-	-	-	-	(463.51)	-	**(463.51)**
Other comprehensive income/ (expense) [net of tax]		-	-	-	-	-	-	-	(7.67)	5.93	**(1.74)**
Total comprehensive income for the year		-	-	-	-	-	-	-	**(471.18)**	**5.93**	**(465.25)**
Issue of equity shares and warrants		82.69	289.92	-	-	-	-	-	-	-	**372.61**
Transfer within equity*	14(b)	-	-	-	-	-	-	-	0.62	(0.62)	-
Balance at 31st March, 2018		**82.69**	**714.64**	**0.40**	**2.91**	**3.59**	**224.00**	**7.31**	**(458.57)**	**59.39**	**636.36**

* represents gain on sale of shares transferred from Fair value through other comprehensive income (FVOCI) - equity instruments to retained earnings.

** refer note 14 (b).

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date : 15th May, 2019

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Notes to Financial Statements for the year ended 31st March, 2019

1. **Company Information**

Kesoram Industries Limited (the Company) is a public company domiciled and incorporated under the provisions of the Indian Companies Act, 1913. The Company is a flagship company of B. K. Birla group of companies. The Company is a multi-product and multi-location company. Automobile tyre business and Cement 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.

The financial statements as at 31st March, 2019 present the financial position of the Company.

The financial statements for the year ended 31st March, 2019 were approved by the Board of Directors and authorised for issue on 15th May, 2019.

2. **Summary of significant accounting policies**

2.1 Basis of preparation

(a) Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

(b) Historical cost convention

The financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.2 Property, plant and equipment

(a) Property, plant and equipment 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) Subsequent expenditure related to an item of property, plant and equipment is added to its carrying amount only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.

(c) Capital work in progress is stated at cost, [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.14 & 2.15 respectively below] incurred during construction/ installation period relating to items or projects in progress.

(d) Losses arising from the retirement of and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of profit and loss.

Notes to Financial Statements for the year ended 31st March, 2019

(e) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Class of assets	Estimated useful life (in years)
Buildings	5-60 years
Plant and Equipment	1-40 Years
Furniture and Fixtures	1-16 Years
Office Equipment	1-20 years
Vehicles	8-10 Years
Railway Siding	15 Years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

2.3 Intangible assets

Intangible property, plant and equipment are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis. 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.

Class of assets	Estimated useful life (in years)
Software	3 Years

2.4 Impairment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

2.6 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.

Notes to Financial Statements for the year ended 31st March, 2019

2.7 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

i. 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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

ii. Other bank balances

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

iii. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iv. Financial assets measured at fair value

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVPL).

v Impairment of financial assets

The Company assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The Company recognises loss allowance for expected credit losses on financial asset.

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

vi De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all risks and rewards of ownership of the

Notes to Financial Statements for the year ended 31st March, 2019

asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) Financial liabilities and equity instruments

i. Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

ii. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

iii. Financial Liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

iv. De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

v. Derivative financial instruments

In the ordinary course of business, the Company uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts

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

vi. Offsetting financial instruments

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

2.8 Employee Benefits

(a) Defined contribution plans

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

Notes to Financial Statements for the year ended 31st March, 2019

(b) Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

(c) Compensated absences

Accumulated compensated absences which are expected to be availed or encashed within twelve 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 twelve 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.

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

2.9 Government Grants

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

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

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

i. Provision for restoration and environmental costs

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost are reviewed periodically and are adjusted to reflect known developments which may have

Notes to Financial Statements for the year ended 31st March, 2019

an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

ii. **Provision for warranty**

The estimated liability for warranty 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 based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to five years.

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.

2.11 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.12 Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

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

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

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

Notes to Financial Statements for the year ended 31st March, 2019

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

2.13 Revenue Recognition

The Company derives revenues primarily from sale of Tyres and Cement.

Effective 1st April, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e.1st April, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated- i.e. the comparative information continues to be reported under Ind AS 18. The adoption of the standard did not have any material impact on the financial statements of the Company.

Revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

(a) Sales of goods

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations may be satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the term of relevant contractual agreements / arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which are otherwise recorded as contract assets.

(b) Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

(c) Dividend income

Dividend income from investments is recognised when the shareholder’s rights to receive payment have been established.

(d) Rental income

Rental income from investment properties and subletting of properties is recognised on a time proportion basis over the term of the relevant leases.

(e) Warranty obligations

The Company generally provides for warranties which are assurance-type warranties under Ind AS 115, and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Notes to Financial Statements for the year ended 31st March, 2019

(f) Unfulfilled performance obligations

The Company provides certain benefits to customers for purchasing products from the Company. These provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide such benefits to the customer is a separate performance obligation. The transaction price is allocated to the product and the benefit to be provided on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of providing cost of such benefits. These estimates are established using historical information on the nature, frequency and average cost of obligations and management estimates regarding possible future incidence. To the extent these benefits are not settled/disbursed till the end of a reporting period these are recorded.

A contract liability is recognised until the benefit is provided.

2.14 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 using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

2.15 Foreign currency transactions and translations

(a) Functional and presentation currency

The financial statements of the Company are presented in Indian rupees (INR), which is the functional currency of the Company and the presentation currency for the financial statements.

(b) Transactions and balances

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 arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

2.16 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 property, plant and equipment.

2.17 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

Notes to Financial Statements for the year ended 31st March, 2019

2.18 Segment reporting

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

The Board of Directors has been identified as the chief operating decision maker. Refer note 39 for segment information presented. The company accounts for intersegment sales and transfers at cost.

2.19 Use of estimates and critical accounting judgements

In preparation of the financial statements, the Company makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

2.20 Standards issued but not effective

Ind AS 116:- Leases

Ind AS 116 was notified by Ministry of Corporate Affairs on 30th March, 2019 and is applicable for annual reporting periods beginning on or after 1st April, 2019. Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The Statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities. Presently, the Company is in the process of evaluating the impact that application of Ind AS 116 is expected to have on its financial statements. The Company intends to apply simplified transition approach and will not restate comparative information in the financial statements for the year ending 31st March, 2020 to show the impact of adopting Ind AS 116.

Ind AS 12:- Income Taxes- Appendix C, 'Uncertainty over Income Tax Treatments'

This appendix was notified by Ministry of Corporate Affairs on 30th March, 2019 and is applicable for annual reporting periods beginning on or after 1st April, 2019. The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. Presently, the Company is in the process of evaluating the impact that application of this appendix is expected to have on its financial statements. The Company intends to apply this appendix retrospectively, with the cumulative effect of initially applying the appendix recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

3. Property, plant and equipment

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK
	As at 1st April, 2018	Additions during the Year	Deletion during the Year	As at 31st March, 2019	Upto 1st April, 2018	Provided during the Year	Deletion during the Year	Upto 31st March, 2019	As at 31st March, 2019
Land :									
- Freehold	851.88	9.77	-	861.65	-	-	-	-	861.65
- Leasehold	0.29	-	-	0.29	0.02	0.01	-	0.03	0.26
Buildings	378.43	3.46	3.01	378.88	43.97	21.43	0.35	65.05	313.83
Plant and Equipments	1,330.97	19.98	13.23	1,337.72	190.18	104.50	7.46	287.22	1,050.50
Furniture and Fixtures	10.02	0.49	0.16	10.35	2.58	1.19	0.15	3.62	6.73
Office Equipment	7.82	0.35	0.63	7.54	3.71	1.45	0.58	4.58	2.96
Vehicles	20.36	1.00	2.46	18.90	5.49	2.85	1.30	7.04	11.86
Railway Siding	14.35	3.50	0.38	17.47	2.93	1.59	0.10	4.42	13.05
Bearer plant	0.10	-	-	0.10	-	-	-	-	0.10
Total	**2,614.22**	**38.55**	**19.87**	**2,632.90**	**248.88**	**133.02**	**9.94**	**371.96**	**2,260.94**

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK
	As at 1st April, 2017	Additions during the Year	Deletion during the Year	As at 31st March, 2018	Upto 1st April, 2017	Provided during the Year	Deletion during the Year	Upto 31st March, 2018	As at 31st March, 2018
Land :									
- Freehold	432.29	419.59	-	851.88	-	-	-	-	851.88
- Leasehold	0.29	-	-	0.29	0.01	0.01	-	0.02	0.27
Buildings	356.57	21.86	-	378.43	22.00	21.97	-	43.97	334.46
Plant and Equipments	1,310.39	26.43	5.85	1,330.97	92.66	98.39	0.87	190.18	1,140.79
Furniture and Fixtures	10.13	0.20	0.31	10.02	1.35	1.29	0.06	2.58	7.44
Office Equipment	7.43	0.53	0.14	7.82	2.03	1.75	0.07	3.71	4.11
Vehicles	19.83	1.74	1.21	20.36	2.76	3.04	0.31	5.49	14.87
Railway Siding	14.40	-	0.05	14.35	1.47	1.46	-	2.93	11.42
Bearer plant	0.10	-	-	0.10	-	-	-	-	0.10
Total	**2,151.43**	**470.35**	**7.56**	**2,614.22**	**122.28**	**127.91**	**1.31**	**248.88**	**2,365.34**

(i) Refer note 15 for Property, plant and equipment pledged as security.

(ii) Contractual obligations

Refer to note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) The above balances include:

	31st March, 2019	31st March, 2018
(i) Cost of assets lying with third parties - plant & equipments	13.21	13.21

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

4. Other Intangible Assets

Particulars	GROSS BLOCK - AT COST				AMORTISATION				NET BLOCK
	As at 1st April, 2018	Additions during the Year	Deletion during the Year	As at 31st March, 2019	Upto 1st April, 2018	Provided during the Year	Deletion during the Year	Upto 31st March, 2019	As at 31st March, 2019
Software	0.98	-	0.04	0.94	0.87	0.06	0.01	0.92	0.02
	0.98	**-**	**0.04**	**0.94**	**0.87**	**0.06**	**0.01**	**0.92**	**0.02**

Particulars	GROSS BLOCK - AT COST				AMORTISATION				NET BLOCK
	As at 1st April, 2017	Additions during the Year	Deletion during the Year	As at 31st March, 2018	Upto 1st April, 2017	Provided during the Year	Deletion during the Year	Upto 31st March, 2018	As at 31st March, 2018
Software	0.95	0.03	-	0.98	0.55	0.32	-	0.87	0.11
	0.95	**0.03**	**-**	**0.98**	**0.55**	**0.32**	**-**	**0.87**	**0.11**

5. Investments in subsidiary and joint venture

Particulars	Face value	31st March, 2019	31st March, 2018
A Investments carried at cost			
(a) Equity Investments in Subsidiary Company - Unquoted			
43,00,50,000 (31st March, 2018: 43,00,50,000) shares of Cygnet Industries Limited	10	430.05	430.05
(b) Equity Investments in Joint venture - Unquoted			
22,730(31st March, 2018: 22,730) shares of Gondhkari Coal Mining Limited	10	0.02	0.02
Less: Provision for impairment in value of investments		(0.02)	(0.02)
Total investment in subsidiary and joint venture		**430.05**	**430.05**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Financial Assets

6. Investments

Particulars	Face value	31st March, 2019	31st March, 2018
A. Investments carried at fair value through other comprehensive income:			
Investments in Equity shares			
(i) Quoted			
496,100 (31st March, 2018: 496,100) shares of HGI Industries Ltd.)	10	0.00*	0.00*
Nil (31st March, 2018: 3,17,745) shares of Jay Shree Tea & Industries Limited	5	-	2.73
4,996,986 (31st March, 2018: 4,996,986) shares of Kesoram Textile Mills Limited #	2	23.96	23.38
44,750 (31st March, 2018: 44,750) shares of Vidula Chemicals & Manufacturing Industries Ltd	10	-	-
		23.96	**26.11**
(ii) Unquoted			
30,000 (31st March, 2018: 30,000) shares of Birla Buildings Ltd	10	47.76	47.76
10,000 (31st March, 2018: 10,000) shares of Coromandel Stampings & Stones Ltd	10	0.00*	0.00*
143,000 (31st March, 2018: 143,000) shares of Kesoram Insurance Broking Services Ltd	10	0.92	0.95
10,455 (31st March, 2018: 10,455) shares of Calcutta Stock Exchange Association Ltd	1	-	-
10 (31st March, 2018: 10) shares of Meghdoot Co-operative Housing Society Ltd $	100	0.00*	0.00*
7,231 (31st March, 2018: 7,231) shares of Padmavati Investment Ltd	10	3.77	3.28
18,800 (31st March, 2018: 18,800) shares of Vasavadatta Services Ltd	10	0.66	0.26
		53.11	**52.25**
Total Investments		**77.07**	**78.36**

(i) The carrying value and market value of quoted and unquoted investments are as below:

	31st March, 2019	31st March, 2018
(a) Quoted		
Carrying value	23.96	26.11
Market value	23.96	26.11
(b) Unquoted		
Carrying value	53.11	52.25

market values in cases of some quoted investments are not available, hence the fair value has been considered as market values in such cases

$ cost of these equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

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

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

7. Loans

Particulars	31st March, 2019	31st March, 2018
A. Non-current		
Credit impaired		
(a) Loan to joint venture company	7.11	7.11
Less: Allowance for credit loss	(7.11)	(7.11)
	-	-
B. Current		
Unsecured, considered good		
(a) Loan to subsidiary	333.56	429.65
(b) Loan to employees	0.62	2.38
(c) Loan to others	4.00	4.00
	338.18	**436.03**

Disclosure as per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015:

Name of the Company	Relationship	As at 31st March, 2019	Maximum balance outstanding during the year	Investment by the loanee in shares of parent Company
Cygnet Industries Limited	Subsidiary	333.56	543.58	-

8. Other financial assets

Particulars	31st March, 2019	31st March, 2018
Non-current		
Deposit with original maturity for more than 12 months	3.66	0.01
Security deposits	12.59	12.85
	16.25	**12.86**
Current		
Security deposits	4.12	4.34
Derivative asset	0.01	0.49
Balance with body corporates	10.63	172.84
Interest accrued on deposits	0.11	0.12
Others	4.34	6.77
	19.21	**184.56**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

9. Other assets

Particulars	31st March, 2019	31st March, 2018
Non-Current		
Capital advances	22.34	35.11
Balance with statutory/government authorities	51.44	50.91
Prepaid expenses	1.16	1.50
Others	0.49	0.49
	75.43	**88.01**
Current		
Balance with statutory/government authorities	90.41	71.63
Prepaid expenses	6.45	6.16
Advance to vendors	95.46	121.98
Less: Allowances for doubtful advances	(13.04)	(16.12)
Others	36.20	44.47
Less: Allowances for doubtful advances	(30.94)	(22.63)
	184.54	**205.49**

10. Inventories

Particulars	31st March, 2019	31st March, 2018
Raw materials	81.52	80.72
Work-in-progress	50.56	56.96
Finished goods	84.99	140.96
Stock-in-trade	-	-
Stores and spare parts	83.91	108.62
	300.98	**387.26**
Included above, goods-in-transit:		
Raw materials	6.97	14.26
Finished goods	11.53	11.23
Stores and spare parts	5.42	8.34
	23.92	**33.83**

The Company has made provision of ₹3.45 crores (31st March, 2018: ₹1.48 crores) for writing down the value of inventories towards slow moving, non-moving and obsolete inventory.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

11. Trade receivables

Particulars	31st March, 2019	31st March, 2018
Current		
Trade Receivables		
(a) Secured, considered good	189.38	237.22
(b) Unsecured, considered good	366.06	297.93
(c) Credit impaired	168.93	170.65
	724.37	**705.80**
Allowance for credit losses	(168.93)	(170.65)
	555.44	**535.15**

12. Cash and cash equivalents

Particulars	31st March, 2019	31st March, 2018
Cash and cash equivalents		
Cash on hand	0.05	0.14
Cheques on hand	6.49	19.14
Balances with bank		
In Current accounts	11.69	19.00
In Cash Credit accounts	-	28.71
Others		
Deposit with original maturity less than three months	0.01	-
In post office saving bank account	-	0.00*
	18.24	**66.99**

13. Other bank balances

Particulars	31st March, 2019	31st March, 2018
Deposit with original maturity for more than three months but less than twelve months	27.79	31.14
On unpaid dividend accounts	0.15	0.32
	27.94	**31.46**

(a) Deposits more than three months includes:-	31st March, 2019	31st March, 2018
- Deposits pledged with the sales tax authorities	0.01	0.01
- Held as lien by bank against bank guarantees	17.53	2.02

(b) Deposits more than three months includes Nil (31st March, 2018: ₹23.51 crores) 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, 2019

(All amounts in Rupees crores, unless otherwise stated)

14. Equity share capital and other equity

14 (a) Equity share capital

Authorised equity share capital

Particulars	31st March, 2019	31st March, 2018
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 equity share capital

Particulars	31st March, 2019	31st March, 2018
14,25,90,079 Equity Shares of ₹10 each fully paid up	142.59	137.34
(31st March, 2018: 13,73,40,079 Equity Shares of ₹10 each fully paid up)		

(i) Movement in equity share capital

Particulars	31st March, 2019	31st March, 2018
Opening balance	137.34	117.27
Conversion of optionally convertible preference shares (a)	-	7.50
Issued during the year (b)	-	12.57
Conversion of convertible warrants (c)	5.25	-
Closing balance	**142.59**	**137.34**

a. During the previous year, the Company allotted 75,00,000 Equity Shares of face value ₹10 each to IndusInd Bank Ltd by conversion of the existing 7,50,000 Optionally Convertible Preference Shares of ₹100 each at the stipulated price of ₹120 per Equity Share on account of conversion option exercised by IndusInd Bank Ltd.

b. During the previous year, the Company allotted 1,25,71,429 Equity Shares of face value ₹10 each on a preferential basis to a promoter group entity at the stipulated price of ₹175 per Equity Share.

c. During the year, the Company allotted 52,50,000 Equity Shares of face value ₹10 each on preferential basis to a promoter group entity by conversion of the existing 52,50,000 convertible warrants of ₹10 each issued at a premium of ₹165 each , on account of conversion option exercised by the promoter group entity.

Terms and rights attached to equity shares

The Company has only one class of 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.

(ii) Details of shareholders holding more than 5% shares in the company

Particulars	31st March, 2019		31st March, 2018	
	Number of shares	% holding	Number of shares	% holding
Pilani Investments and Industries Corporation Limited	2,73,38,750	19.17%	2,73,38,750	19.91%
Manav Investment & Trading Co. Ltd	3,39,59,679	23.82%	2,87,09,679	20.90%
	6,12,98,429	**42.99%**	**5,60,48,429**	**40.81%**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

14 (b) Other Equity

Particulars	31st March, 2019	31st March, 2018
Share warrants#	-	82.69
Securities Premium	801.27	714.64
Capital reserve		
(a) Development grant/subsidy	0.40	0.40
(b) Amalgamation reserve	2.91	2.91
Capital redemption reserve	3.59	3.59
General reserve	224.00	224.00
Fair value through other comprehensive income (FVOCI)- equity instruments	58.11	59.39
Others	7.31	7.31
Retained earnings	(709.99)	(458.57)
Total reserves and surplus	**387.60**	**636.36**

During the previous year, the Company issued and allotted 52,50,000 share warrants at a price of ₹175/- (face value: ₹10 and premium: ₹165) per warrant to a promoter group entity on preferential basis under section 42 and 62(1)(c) of the Companies Act, 2013 and other relevant SEBI ICDR Regulations. The Company has received 90% of the subscription amount against the said warrants totalling ₹82.69 crores. These warrants are convertible within a period of 18 (Eighteen) months from date of allotment of the warrants, subject to payment of the balance 10% of the issue price. The remaining amount was subsequently received and the warrants have been converted on 6th April, 2018.

(i) Securities Premium

Particulars	31st March, 2019	31st March, 2018
Opening balance	714.64	424.72
Increase/(decrease) during the year	86.63	289.92
Closing balance	**801.27**	**714.64**

(ii) Capital reserve

(a) Development grant/subsidy

Particulars	31st March, 2019	31st March, 2018
Opening balance	0.40	0.40
Increase/(decrease) during the year	-	-
Closing balance	**0.40**	**0.40**

(b) Amalgamation reserve

Particulars	31st March, 2019	31st March, 2018
Opening balance	2.91	2.91
Increase/(decrease) during the year	-	-
Closing balance	**2.91**	**2.91**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(iii) Capital redemption reserve

Particulars	31st March, 2019	31st March, 2018
Opening balance	3.59	3.59
Increase/(decrease) during the year	-	-
Closing balance	**3.59**	**3.59**

(iv) General reserve

Particulars	31st March, 2019	31st March, 2018
Opening balance	224.00	224.00
Increase/(decrease) during the year	-	-
Closing balance	**224.00**	**224.00**

(v) Fair value through other comprehensive income (FVOCI)- equity instruments

Particulars	31st March, 2019	31st March, 2018
Opening balance	59.39	54.08
Change in fair value of FVOCI equity instruments	1.44	7.93
Deferred tax	-	(2.00)
Transfer in equity	(2.72)	(0.62)
Closing balance	**58.11**	**59.39**

(vI) Other reserves

Particulars	31st March, 2019	31st March, 2018
Opening balance	7.31	7.31
Increase/(decrease) during the year	-	-
Closing balance	**7.31**	**7.31**

(vii) Retained earning

Particulars	31st March, 2019	31st March, 2018
Opening balance	(458.57)	11.99
Net profit/(loss) for the year	(254.25)	(463.51)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	0.11	(7.67)
Transfer in equity	2.72	0.62
Closing balance	**(709.99)**	**(458.57)**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Nature and purpose of other reserves

(i) Securities premium

Securities premium is used to record premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Indian Companies Act, 2013 (the "Companies Act").

(ii) Capital reserve

(a) Certain grants of capital nature had been credited to Capital Reserve.

(b) The Company has recognised profit on account of amalgamation in capital reserve.

(iii) Capital redemption reserve

Capital redemption reserve was created on account of reinstatement of certain investments and spares at cost.

(iv) General reserve

Under the erstwhile Companies Act 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

(v) Fair value through other comprehensive income (FVOCI)- equity instruments

The cumulative gains and losses arising on fair value changes of equity investments measured at fair value through other comprehensive income are recognised in FVOCI - equity instruments reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

(vi) Other reserves

Others primarily include:

(a) Amounts appropriated out of profit or loss for doubtful debts and contingencies.

(b) Share buyback reserve has been created as per the Companies Act, 1956.

(c) Reserve which has arisen on forfeiture of shares.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Financial Liabilities

15. Borrowings (measured at amortised cost)

Particulars	31st March, 2019	31st March, 2018
Non-Current		
(a) Secured		
Term Loans:		
From Bank		
Indian rupee loan [Refer note (a) below]	2,036.38	2,131.03
From others		
Indian rupee loan [Refer note (b) below]	142.17	96.76
	2,178.55	**2,227.79**
Less: Current maturities of long term borrowings (Refer Note 16)	(158.93)	(118.75)
Add: Interest accrued on long term borrowings	11.85	10.96
	2,031.47	**2,120.00**
Current		
(a) Secured		
Working Capital Loan		
From Bank [Refer note (c) below]		
Indian rupee loan	57.53	120.77
Overdraft / Cash Credit	602.50	220.70
Working capital demand loan	68.79	568.31
Packing credit loan	-	30.05
Foreign currency loan	-	53.27
(b) Unsecured		
Term Loan		
From Bank		
Indian rupee loan	-	109.25
Packing credit loan	-	25.00
Foreign currency loan	-	66.03
From others		
Inter corporate deposit	3.00	-
Director	23.73	23.73
	755.55	**1,217.11**
Add: Interest accrued on short term borrowings	2.37	4.31
	757.92	**1,221.42**

Net debt reconciliation

This section sets out an analysis of debt and the movements in net debt for the current period

Particulars	31st March, 2019	31st March, 2018
Cash and cash equivalents	18.24	66.99
Non-current borrowings	(2,031.47)	(2,120.00)
Current borrowings	(757.92)	(1,221.42)
Total	**(2,771.15)**	**(3,274.43)**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Non-current borrowings	Current borrowings	
Net debt as at 1st April, 2018	**66.99**	**(2,120.00)**	**(1,221.42)**	**(3,274.43)**
Cash flows	(430.55)	62.52	852.59	484.56
Change in cash credit considered as cash and cash equivalent for statement of cash flows	381.80	-	(381.80)	-
Interest expenses	-	(250.68)	(187.77)	(438.45)
Interest paid	-	236.51	180.48	416.99
Changes in current maturities of long-term debt and interest accrued on them	-	40.18	-	40.18
Net debt as at 31st March, 2019	**18.24**	**(2,031.47)**	**(757.92)**	**(2,771.15)**

Particulars	Other assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Non-current borrowings	Current borrowings	
Net debt as at 1st April, 2017	**152.30**	**(2,137.23)**	**(1,041.15)**	**(3,026.08)**
Cash flows	(179.17)	(99.49)	(94.35)	(373.01)
Change in cash credit considered as cash and cash equivalent for statement of cash flows	93.86	-	(93.86)	-
Interest expenses	-	(290.27)	(109.23)	(399.50)
Interest paid	-	297.87	117.39	415.26
Changes in current maturities of long-term debt and interest accrued on them	-	19.12	-	19.12
Non-cash movements:				
Optionally convertible redeemable preference shares converted to equity shares during the year	-	90.00	-	90.00
Foreign exchange adjustment	-	-	(0.22)	(0.22)
Net debt as at 31st March, 2018	**66.99**	**(2,120.00)**	**(1,221.42)**	**(3,274.43)**

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

Bank	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
Axis Bank Ltd.	1,200.54	1,258.92	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 6 month MCLR plus 2.50% p.a.
	1,200.54	1,258.92	Carried over	

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Bank	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
	1,200.54	1,258.92	Brought forward	
ICICI Bank Ltd.	198.83	198.53	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 @ ICICI Bank base rate plus 1.40% per annum with annual reset.
The South Indian Bank Ltd.	369.40	387.50	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.75% p.a.
The Karur Vysya Bank Ltd.	92.35	96.87	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.40% p.a.
The Lakshmi Vilas Bank Ltd.	92.35	96.87	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.65% p.a.
	1,953.47	2,038.69	Carried over	

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Bank	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
	1,953.47	2,038.69	Brought forward	
IndusInd Bank Ltd	82.91	92.34	First pari passu charge on all movable and immovable property, plant and equipment (including Solapur Land).Second pari passu charge on all current assets of the company (excluding assets related to Corporate office, Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division).	Repayment in 16 equal quarterly instalments commencing from the 13th month from the date of disbursement. Interest is payable monthly @ 1year MCLR with annual reset.
	2,036.38	**2,131.03**		

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

Financial Institution	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
West Bengal Infrastructure Development Finance Corporation Ltd.	92.35	96.76	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of Cygnet Industries Limited - subsidiary of Kesoram Industries Limited, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ Axis Bank 6 month MCLR plus 1% p.a.
West Bengal Infrastructure Development Finance Corporation Ltd.	49.82	-	First pari passu charge on all movable and immovable property, plant and equipment (including Solapur Land).Second pari passu charge on all current assets of the company (excluding assets related to Corporate office, Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division).	Repayment in 16 equal quarterly instalments starting from 30th June, 2019 . Interest payable monthly @ IndusInd Bank 1 year MCLR plus 1.25% p.a..
	142.17	**96.76**		

(c) Repayment terms and nature of securities given for short term borrowings

1 Secured by way of hypothecation, first pari passu charge on current assets of the Company and second charge on movable and immovable property, plant and equipment, of the Company. Pledge of 10% of promoter's shareholding i.e. 75,82,642 equity shares of Kesoram Industries Limited in favour of Working Capital Consortium.

2 Maximum amount of Commercial Paper outstanding at any point of time during the year was ₹Nil (31st March, 2018: ₹325 crores).

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

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

16. Other financial liabilities

Particulars	31st March, 2019	31st March, 2018
Non-Current		
Security deposits	227.29	249.98
	227.29	**249.98**
Current		
Current maturities of long-term debt (Refer Note 15)	158.93	118.75
Capital creditors	23.17	18.02
Retention and earnest deposits	15.10	16.29
Other payables	12.62	33.86
Security deposits	37.10	32.61
Unpaid dividends	0.15	0.32
Unpaid matured deposits and interest accrued thereon	0.05	0.05
	247.12	**219.90**

17. Provisions

Particulars	31st March, 2019	31st March, 2018
Non-Current		
(a) Provision for employee benefits		
Provision for leave encashment (unfunded)	17.83	17.28
(b) Others		
Decommissioning obligations	8.34	7.50
Warranties	4.59	4.24
Total non-current provisions	**30.76**	**29.02**
Current		
(a) Provision for employee benefits		
Provision for gratuity (Refer Note 25)	4.84	8.50
Net of advance ₹ 0.13 crore (31st March, 2018 ₹3.15 crore)		
Provision for leave encashment (unfunded)	5.19	4.82
Others	0.28	0.38
(b) Others		
Warranties	16.10	16.19
Provision for contingencies	81.99	100.09
Provision for disputed statutory dues	22.63	11.68
Others	-	-
Total current provisions	**131.03**	**141.66**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(i) Movement in provisions

Movements in each class of provision during the financial year, are set out below:

Particulars	Warranties	Decommissioning obligation	Provision for contingencies	Provision for disputed statutory dues
As at 1st April, 2018	**20.43**	**7.50**	**100.09**	**11.68**
Charged/(credited) to profit or loss:				
Additional provision recognised	18.17	-	-	10.95
Unused amounts reversed	-	-	(4.22)	-
Amounts used during the year	(15.60)	-	(13.88)	-
Unwinding of discount	(2.31)	0.84	-	-
As at 31st March, 2019	**20.69**	**8.34**	**81.99**	**22.63**

Movements in each class of provision during the previous year, are set out below:

Particulars	Warranties	Decommissioning obligation	Provision for contingencies	Provision for disputed statutory dues
As at 1st April, 2017	**16.01**	**6.75**	**30.00**	**11.68**
Charged/(credited) to profit or loss:				
Additional provision recognised	13.62	-	70.09	-
Unused amounts reversed	-	-	-	-
Amounts used during the year	(9.63)	-	-	-
Unwinding of discount	0.43	0.75	-	-
As at 31st March, 2018	**20.43**	**7.50**	**100.09**	**11.68**

18. Deferred tax liabilities

Particulars	31st March, 2019	31st March, 2018
Deferred Tax Liabilities		
Timing Difference - Property,plant and equipment	427.15	438.89
Timing Difference - Investments	15.55	15.27
Others	2.08	0.42
Gross Deferred Tax Liability	**444.78**	**454.58**
Deferred Tax Assets		
Unabsorbed depreciation	101.33	102.26
Capital losses	1.21	-
Business losses	78.82	89.99
Items allowable for tax purpose on payment basis	40.07	22.03
Provisions	97.13	130.92
Others	126.22	109.38
Gross Deferred Tax Asset	**444.78**	**454.58**
Net Deferred Tax Liability	**-**	**-**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

19. Other liabilities

Particulars	31st March, 2019	31st March, 2018
Non-current		
Advance received from Employees	1.37	1.64
	1.37	**1.64**
Current		
Deferred revenue	19.78	17.49
Advance from customers	23.68	44.49
Statutory dues	217.33	97.65
Other payables	12.09	5.72
	272.88	**165.35**

20. Trade payables

Particulars	31st March, 2019	31st March, 2018
Current		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 34)	8.30	2.40
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	179.75	153.05
(ii) Others	616.43	517.56
(c) Employee benefits payable	33.16	12.92
	837.64	**685.93**

21. Revenue from operations

Particulars	2018-2019	2017-2018
Revenue from contracts with customers #		
Sale of Products	3,861.52	3,693.97
Other operating revenue	17.14	10.60
	3,878.66	**3,704.57**

Goods and Services Tax (GST) has been implemented with effect from 1st July, 2017. Consequently, Central Excise, Value Added Tax (VAT),Service Tax etc. have been replaced by GST. GST, VAT, Service Tax etc. are not included in Revenue from Operations. However, excise duty was included in Revenue from Operations till 30th June, 2017. Hence, reported revenues for the period up to 30th June, 2017 are not comparable with those thereafter.

The entire revenue is being recorded at a point in time.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

A. Revenue from contracts with customers disaggregated on the basis of geographical region and product lines is presented below:

Year ended 31st March, 2019

Particulars	India	Outside India	Total
Tyre	1,155.80	142.30	1,298.10
Cement	2,580.52	-	2,580.52
Others	0.04	-	0.04
	3,736.36	**142.30**	**3,878.66**

Year ended 31st March, 2018

Particulars	India	Outside India	Total
Tyre	1,287.95	165.09	1,453.04
Cement	2,251.23	-	2,251.23
Others	0.30	-	0.30
	3,539.48	**165.09**	**3,704.57**

B. The Company has recognised the following revenue-related contract liabilities and receivables from contract with customers

Particulars	31st March, 2019	31st March, 2018
Contract liabilities - Deferred revenue	19.78	17.49
Contract liabilities - Advance from customers	23.68	44.49
	43.46	**61.98**

Particulars	31st March, 2019	31st March, 2018
Trade Receivables - Gross	724.37	705.80
Less: Allowance for doubtful debt	(168.93)	(170.65)
	555.44	**535.15**

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were not satisfied in a prior year.

Particulars	2018-2019	2017-2018
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
Contract liabilities - Deferred revenue	12.01	18.96
Contract liabilities - Advance from customers	43.53	21.18
	55.54	**40.14**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

22. Other Income

Particulars	2018-2019	2017-2018
Interest income:		
On financial instruments measured at amortised cost	57.23	65.97
On income tax refund	16.92	2.00
On others	-	129.86
Liabilities no longer required written back	16.53	15.65
Insurance claims	1.20	0.27
Dividend income	0.05	0.07
Miscellaneous income	17.72	14.64
	109.65	**228.46**

During the previous year, interest income on others represents interest and penalty charged on a vendor for non-fulfillment of contract for a period from inception to 31st March, 2018.

23. Cost of Materials Consumed

Particulars	2018-2019	2017-2018
Raw Material Consumed		
Opening inventory	80.72	74.32
Add : Purchases	916.84	915.55
Less : Inventory at the end of the year	81.52	80.72
Add: Raising lime stone cost	130.92	118.25
	1,046.96	**1,027.40**

Particulars	2018-2019	2017-2018
(a) Limestone raising cost include:		
Salaries, Wages, Bonus etc.	11.01	11.16
Contribution to Provident and other Funds	0.76	0.91
Contribution to Gratuity Fund (refer note 25)	0.36	0.48
Workmen and Staff welfare	0.44	0.39
Dead Rent, Royalty etc.	77.18	63.32
Power and Fuel	6.61	5.24
Stores and spares parts consumed	20.36	15.96
Machinery repairs	4.61	4.23
Other repairs	0.18	0.26
Rates and taxes	0.30	0.19
Insurance	0.03	0.07
Contractors-Transport	7.99	7.93
Miscellaneous	1.09	8.11
	130.92	**118.25**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars		Quantity		Amount (₹ crore)	
		2018-2019	2017-2018	2018-2019	2017-2018
(b) Purchase of stock-in-trade comprise:					
Tyre	Nos	12,373	66,817	18.12	80.36
Tubes	Nos	736,433	904,962	51.87	44.28
Flaps	Nos	785,567	899,350	19.16	20.71
				89.15	**145.35**

24. Changes in inventories of finished goods, work-in-progress and stock in trade

Particulars	2018-2019	2017-2018
Inventories at the beginning of the year		
- Work - in - progress	56.96	59.44
- Finished Goods	140.96	186.38
- Stock in trade	-	0.12
Less: Inventories at the end of the year		
- Work - in - progress	50.56	56.96
- Finished Goods	84.99	140.96
- Stock in trade	-	-
Less: Transferred to Capital Jobs	0.13	0.31
	62.24	**47.71**

25. Employee benefits expense

Particulars	2018-2019	2017-2018
Salaries, wages and bonus**	235.49	286.57
Contribution to provident fund	17.01	18.51
Contribution to superannuation fund	0.10	0.15
Contribution to labour welfare fund	0.14	0.08
Gratuity	4.73	3.50
Contribution under Employees State Insurance Scheme	1.14	1.55
Staff welfare expenses	12.93	13.05
Total employee benefits expense	**271.54**	**323.41**

** During the year, the Company received a grant from third party amounting to ₹31.75 crore (2017-2018: Nil). The grant has been netted off with related cost for which it has been received

During the year, the Company recognised an amount of ₹13.04 crore (2017-2018: ₹10.79 crores) as remuneration to key managerial personnel. The details of such remuneration is as below:

Particulars	2018-2019	2017-2018
Short term employee benefits	12.79	10.65
Post employment benefits	0.25	0.14
Total employee benefits expense	**13.04**	**10.79**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(i) Compensated absences

Compensated absences cover the Company's liability for sick and earned leave.

(ii) Defined benefit plan

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.

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 Company has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Company has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions there is no shortfall as at 31st March, 2019 and 31st March, 2018 respectively.

The Company also pays provident fund contributions to publically administered local fund as per the local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

The details of fund and plan asset position are given below:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
as at 31st March, 2019	29.99	75.88	45.89
as at 31st March, 2018	33.85	75.95	42.10

The plan assets have been primarily invested in government securities and bonds. Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	31st March, 2019	31st March, 2018
Discount Rate (per annum)	8.65%	8.55%
Expected Rate of Return on Plan Assets (per annum)	8.83%	9.13%

The Company contributed ₹3.91 crores and ₹4.59 crores during the year ended 31st March,2019 and 31st March, 2018 respectively to the fund.

The Company contributed ₹13.10 crores and ₹13.92 crores during the year ended 31st March,2019 and 31st March, 2018 respectively to Government Fund.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(iii) Defined contribution plan

Superannuation Fund: The Company has defined contribution superannuation plan for the benefit of its eligible employees. Employees who are members of the defined contribution superannuation plan are entitled to benefits depending on the years of service and salary drawn.

Separate irrevocable trust is maintained for employees covered and entitled to benefits. The Company contributes 15% of the eligible employees' salary or ₹1 lakh, whichever is lower, in case of NPS participating employees to the trust and 15% of the basic salary in case of Non NPS participating eligible employees to the administered Government Fund every year. Such contributions are recognised as an expense as and when incurred. The Company does not have any further obligation beyond this contribution.

The Company contributed ₹ 0.10 crores and ₹ 0.15 crores during the year ended 31st March, 2019 and 31st March, 2018 respectively.

(iv) Balance sheet recognition

a) Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2018	**70.43**	**58.78**	**11.65**
Current service cost	4.48	-	4.48
Interest expense / (income)	5.02	(4.41)	0.61
Total amount recognised in profit or loss	**9.50**	**(4.41)**	**5.09**
Remeasurement			
Return on plan assets, excluding amounts included in interest expense / (income)	-	0.93	(0.93)
Actuarial (gain) / loss from change in demographic assumptions	-	-	-
Actuarial (gain) / loss from change in financial assumptions	1.30	-	1.30
Actuarial (gain) / loss from unexpected experience	(0.48)	-	(0.48)
Total amount recognised in other comprehensive income	**0.82**	**0.93**	**(0.11)**
Employer contributions / premium paid	-	11.66	(11.66)
Benefit payments	6.84	6.84	-
Settlement Cost	-	-	-
Acquisition adjustment	-	-	-
31st March, 2019	**73.91**	**68.94**	**4.97**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2017	**68.52**	**66.42**	**2.10**
Current service cost	4.40	-	4.40
Interest expense / (income)	4.78	(5.20)	(0.42)
Total amount recognised in profit or loss	**9.18**	**(5.20)**	**3.98**
Remeasurement			
Return on plan assets, excluding amounts included in interest expense / (income)	-	(0.74)	0.74
Actuarial (gain) / loss from change in demographic assumptions	-	-	-
Actuarial (gain) / loss from change in financial assumptions	(1.31)	-	(1.31)
Actuarial (gain) / loss from unexpected experience	8.24	-	8.24
Total amount recognised in other comprehensive income	**6.93**	**(0.74)**	**7.67**
Employer contribution / premium paid	-	2.16	(2.16)
Benefit payments	14.93	14.93	-
Settlement Cost	-	-	-
Disposal / Transfer of Asset	0.73	0.67	0.06
31st March, 2018	**70.43**	**58.78**	**11.65**

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31st March, 2019	31st March, 2018
Discount rate	7.50%	7.75%
Salary growth rate	5.00%	5.00%
Attrition rate	1.00%	1.00%
Mortality rate	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

Particulars	Impact on defined benefit obligation			
	31st March, 2019		31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	71.01	76.46	67.86	73.15
% change compared to base due to sensitivity	(0.04)	0.04	(0.04)	0.04
Salary growth rate (-/+ 0.5%)	76.50	70.96	73.20	67.80
% change compared to base due to sensitivity	0.04	(0.04)	0.04	(0.04)
Attrition rate (-/+ 0.5%)	73.74	73.57	70.51	70.40
% change compared to base due to sensitivity	0.00	(0.00)	0.00	(0.00)
Life expectancy / mortality rate (-/+ 10%)	74.04	73.26	70.80	70.05
% change compared to base due to sensitivity	0.01	(0.01)	0.01	(0.01)

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vii) The major categories of plans assets

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(viii) Risk exposure

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Company does not have any liberty to manage the funds provided to insurance companies. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefits plans for the year ending 31st March, 2019 is ₹8.46 crores.

The weighted average duration of the defined benefit obligation is 13 years (31st March, 2018 – 13 years).

26. Depreciation and amortisation expense

Particulars	2018-2019	2017-2018
Depreciation on tangible assets	133.02	127.91
Amortisation of intangible assets	0.06	0.32
	133.08	**128.23**

27. Finance cost

Particulars	2018-2019	2017-2018
Interest expenses	419.62	418.57
Other borrowing costs	18.83	2.67
	438.45	**421.24**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

28. Other expenses

Particulars	2018-2019	2017-2018
Consumption of stores and spare parts	57.65	48.19
Power and fuel [refer Note (a) below]	764.51	675.28
Rent	23.45	23.69
Repairs and Maintenance [refer Note (b) below]		
Building	8.48	7.67
Plant and Machinery	53.00	47.53
Others	4.17	6.05
Insurance	9.38	7.23
Rates and Taxes	7.82	9.39
Job working charges	9.33	15.52
Brokerage and Discounts	25.68	21.19
Packing, Carriage and Shipping [refer Note (c) below]	981.00	841.07
Commission to selling agents	27.61	27.20
Sales Promotion	37.03	53.04
Directors' Fees	0.66	0.66
Debts / Advances / Deposits written off	2.32	1.37
Legal and Professional Expenses	59.61	95.60
Provision for doubtful debts	4.06	(5.30)
Provision for doubtful advances	9.32	34.51
Loss on property, plant and equipments sold/ discarded (net)	3.96	4.38
Payments to the auditor [refer Note (d) below]	3.84	3.84
Guarantee commission	0.42	12.72
Provision for contingencies	-	18.41
Loss On Claim - Warranty	18.17	24.34
Excise duty [refer Note (e) below]	-	(3.84)
Foreign currency translation loss (net)	9.59	(4.55)
Miscellaneous expenses [refer Note (f) below]	92.03	147.32
	2,213.09	**2,112.51**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars	2018-2019	2017-2018
(a) Power and Fuel includes consumption of stores and spares	623.63	537.33
(b) Repair and Maintenance includes:		
(i) Consumption of stores and spares parts	5.56	4.72
(ii) Salaries and Wages	27.81	26.40
(c) Packing, carriage and shipping includes:		
(i) Consumption of stores and spares parts	61.61	52.59
(ii) Salaries and Wages	11.86	10.13
(d) Details of auditors' remuneration and out-of-pocket expenses are as below:		
Auditors remuneration and out-of-pocket expenses:		
Audit Fees (including Limited Reviews)	2.63	2.63
Tax Audit Fees	0.60	0.60
Fees for issuing various certificates	0.53	0.60
Reimbursement of Expenses	0.08	0.01
	3.84	**3.84**
(e) Represents excise duty related to the difference between the closing stock as at 30th June, 2017 and opening stock of finished goods.		
(f) Miscellaneous expenses include		
(i) Consumption of stores and spares parts	1.90	3.40
(ii) Payment to cost auditor	0.04	0.07

29. Exceptional items

Particulars	2018-2019	2017-2018
Disputed indirect taxes	-	(41.37)
Voluntary retirement scheme	-	(33.86)
	-	**(75.23)**

Exceptional items during the previous year relates to disputed indirect taxes against which a provision has been made pursuant to a court order on similar matter and based upon an opinion obtained from a counsel amounting to ₹41.37 crores. It also includes ₹33.86 crores relating to Voluntary Retirement Scheme floated by the Company.

30. Income tax expense

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

(a) Income tax expense

Particulars	2018-2019	2017-2018
Current tax		
Current tax on profits for the year	-	-
Total current tax expense	**-**	**-**
Deferred tax		
Decrease / (increase) in deferred tax assets	9.80	4.52
(Decrease) / increase in deferred tax liabilities	(9.80)	(6.52)
Total deferred tax expense/(benefit)	**-**	**(2.00)**
Income tax expense	**-**	**(2.00)**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	2018-2019	2017-2018
Profit before tax	(266.20)	(465.51)
Tax at the rate of 34.944% (2017-2018 – 34.608%)	**(93.02)**	**(161.11)**
Deferred tax asset not recognised	87.96	163.82
Exempt income	(0.02)	(0.02)
Deductions claimed in tax	(2.15)	-
Weighted deductions available in tax	-	(0.88)
Permanent differences	0.12	0.04
Others (including difference in tax rates)	7.11	(3.85)
Total income tax expense/(credit)	**-**	**(2.00)**

(c) Tax losses

Particulars	2018-2019	2017-2018
Unused tax losses for which no deferred tax has been recognised:		
Tax losses		
Business loss	1,086.17	798.07
- Capital loss: Short term	113.70	-
Unabsorbed tax depreciation	845.85	876.23
Potential tax benefit @ 34.944% on Business loss (FY 2017-2018 @34.944%)	675.12	585.07
Potential tax benefit @ 34.944% on Capital loss short term (FY 2017-2018 @34.944%)	39.73	-
Minimum alternate tax (MAT) credit entitlement	38.29	38.29
Total	**753.14**	**623.36**

(a) Unabsorbed depreciation does not have any expiry period.
(b) Business losses have an expiry ranging from 1 to 8 years as at the reporting date
(c) MAT credit entitlement has an expiry period of 6 to 13 years as at the reporting date.
(d) Short term capital loss of ₹113.70 crores has arisen due to change in tax position and subsequent filing of revised return for FY 2016-2017.

31. Earnings per share

Particulars		2018-2019	2017-2018
(i) Basic			
Number of equity shares at the beginning of the year		13,73,40,079	11,72,68,650
Number of equity shares at the end of the year		14,25,90,079	13,73,40,079
Weighted average number of equity shares outstanding during the year	(A)	14,25,18,161	12,30,77,652
Nominal value of each equity Share (₹)		10	10
Profit / (Loss) for the year (₹ in crore)	(B)	(254.25)	(463.51)
Earnings per share (Basic) (₹)	**(B/A)**	**(17.84)**	**(37.66)**
(ii) Diluted			
Weighted average number of equity shares outstanding during the year (refer note (a) below)		14,25,90,079	12,49,63,953
Earnings per share (Diluted) (₹)		**(17.84)**	**(37.66)**

(a) In 2017-2018 52,50,000 share warrants has been considered for calculation of diluted Earnings per share.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

32. Contingent liabilities

Particulars	31st March, 2019	31st March, 2018
(a) Guarantees given -		
(i) by Banks on behalf of other companies	5.40	5.40
(b) Claims against the Company not acknowledged as debts :		
(i) Rates, Taxes, Duties etc. demanded by various Authorities	428.04	480.70
(c) Income Tax matters	15.05	14.55
	448.49	**500.65**

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

33. Capital and other commitments

Particulars	31st March, 2019	31st March, 2018
(a) Capital Commitments		
Estimated value of contracts in capital account remaining to be executed [net of advances ₹ 16.90 crore (31st March, 2018: ₹14.35 crore)]	49.86	57.53
(b) Other Commitments		
(i) Export Commitments against purchase of imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India.	-	4.31
(ii) Export Commitments against import under Advance License Scheme, of the Government of India.	-	61.27
(iii) Financial Guarantee issued to bank on behalf of Subsidiary Company	225.00	550.00
	274.86	**673.11**

34. 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:

Particulars	31st March, 2019	31st March, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	8.12	2.40
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.18	-
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, 2019

(All amounts in Rupees crores, unless otherwise stated)

35. Non-cancellable operating leases

The Company leases various offices under non-cancellable operating leases expiring within two to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Particulars	31st March, 2019	31st March, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	0.77	1.84
Later than one year but not later than five years	-	0.77
Later than five years	-	-
	0.77	**2.61**

Rental expense relating to operating leases

Particulars	31st March, 2019	31st March, 2018
Minimum lease payments	1.84	1.95
Total rental expense relating to operating leases	1.84	1.95

36. Capital management

(a) Risk management

The capital structure of the Company consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Company which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity.

The Company's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

37. Fair value measurements

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Financial instruments by category

Particulars	31st March, 2019			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial assets					
Cash and cash equivalents	-	-	18.24	18.24	18.24
Other bank balances	-	-	27.94	27.94	27.94
Trade receivables	-	-	555.44	555.44	555.44
Derivative asset	0.01	-	-	0.01	0.01
Loans	-	-	338.18	338.18	338.18
Investments	-	77.07	-	77.07	77.07
Other financial assets	-	-	35.45	35.45	35.45
Total financial assets	**0.01**	**77.07**	**975.25**	**1,052.33**	**1,052.33**
Financial liabilities					
Borrowings	-	-	2,789.39	2,789.39	2,789.39
Trade and other payables	-	-	837.64	837.64	837.64
Other financial liabilities	-	-	474.41	474.41	474.41
Total financial liabilities	**-**	**-**	**4,101.44**	**4,101.44**	**4,101.44**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Financial instruments by category

Particulars	31st March, 2018			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial assets					
Cash and cash equivalents	-	-	66.99	66.99	66.99
Other bank balances	-	-	31.46	31.46	31.46
Trade receivables	-	-	535.15	535.15	535.15
Derivative asset	0.49	-	-	0.49	0.49
Loans	-	-	436.03	436.03	436.03
Investments	-	78.36	-	78.36	78.36
Other financial assets	-	-	196.93	196.93	196.93
Total financial assets	**0.49**	**78.36**	**1,266.56**	**1,345.41**	**1,345.41**
Financial liabilities					
Borrowings	-	-	3,341.42	3,341.42	3,341.42
Trade and other payables	-	-	685.93	685.93	685.93
Other financial liabilities	-	-	469.88	469.88	469.88
Total financial liabilities	**-**	**-**	**4,497.23**	**4,497.23**	**4,497.23**

(i) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Company's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Company's investment in equity shares which are unquoted or for which quoted prices are not available at the reporting dates.

Particulars	31st March, 2019			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Investments	-	-	77.07	77.07
Derivative financial asset	-	0.01	-	0.01
	-	**0.01**	**77.07**	**77.08**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars	31st March, 2018			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Investments	2.73	-	75.63	78.36
Derivative financial asset	-	0.49	-	0.49
	2.73	**0.49**	**75.63**	**78.85**

(ii) Valuation technique used to determine fair value

(a) Derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(b) Investments carried at fair value are generally based on market price quotations. However in cases where quoted prices are not available the management has involved valuation experts to determine the fair value of the investments. Different valuation techniques have been used by the valuers for different investments. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. The Company has chosen to designate this investments in equity instruments at FVOCI since, it provides a more meaningful presentation. Cost of certain investments in equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

(c) Fair value of borrowings is estimated by discounting expected future cash flows. The carrying amounts of other borrowings with floating rate of interest are considered to be close to the fair value.

(d) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values.

(e) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

38. Financial risk management

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

(A) Credit risk

The Company takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. Maximum exposure to credit risk of the Company has been listed below:

Particulars	31st March, 2019	31st March, 2018
Trade receivables	555.44	535.15
Loan	338.18	436.03
Other financial assets	35.46	197.42
Total	**929.08**	**1,168.60**

Other receivables as stated above are due from the parties under normal course of the business and as such the Company believes exposure to credit risk to be minimal.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

i) **Trade and other receivables**

Customer credit risk is managed by the Company through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying upto 90 days credit terms. The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receivables are backed by security deposits. Export receivables are backed by letters of credit.

In determining the allowances for credit losses of trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The Company's exposure to customers is diversified and there is no significant credit exposure on account of any single customer as at 31st March, 2019 and 31st March, 2018.

The company is making provisions on trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as follows:

Particulars	31st March, 2019	31st March, 2018
Opening balance	**170.65**	**175.95**
Charge/(Release) to statement of profit and loss	4.06	(5.30)
Utilised during the year	(5.78)	-
Balance at the end of the year	**168.93**	**170.65**

(B) Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Company has access to funds from debt markets through commercial paper programs, non-convertible debentures and other debt instruments. The Company invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

(i) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31st March, 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	1,146.76	832.64	782.33	1,416.06	4,177.79
Other financial liabilities	88.19	-	-	227.29	315.48
Trade payables	837.64	-	-	-	837.64
Total non-derivative financial liabilities	**2,072.59**	**832.64**	**782.33**	**1,643.35**	**5,330.91**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Contractual maturities of financial liabilities 31st March, 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	1,562.95	747.20	756.20	1,747.12	4,813.47
Other financial liabilities	101.15	-	-	249.98	351.13
Trade payables	685.93	-	-	-	685.93
Total non-derivative financial liabilities	**2,350.03**	**747.20**	**756.20**	**1,997.10**	**5,850.53**

(C) Market risk

(i) Foreign currency risk

The Company deals with foreign currency loan, trade payables etc and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Company operates internationally and portion of the business is transacted in several currencies and consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:-

As at 31st March, 2019

	USD (in millions)		EUR (in millions)		GBP (in millions)		JPY (in millions)	
	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency
Financial assets								
Trade receivables	25.94	179.41	-	-	-	-	-	-
Financial liabilities								
Trade payables	2.00	13.80	0.51	4.09	0.00*	0.01	0.05	0.00*
Borrowings	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk	**23.94**	**165.61**	**(0.51)**	**(4.09)**	**(0.00)***	**(0.01)**	**(0.05)**	**(0.00)***

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

As at 31st March, 2018

	USD (in millions)		EUR (in millions)		GBP (in millions)		JPY (in millions)	
	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency
Financial assets								
Trade receivables	26.56	173.09	-	-	-	-	-	-
Financial liabilities								
Trade payables	1.77	11.51	0.33	2.67	-	-	5.40	0.33
Borrowings	18.61	121.32	1.36	11.01	-	-	-	-
Net exposure to foreign currency risk	**6.18**	**40.26**	**(1.69)**	**(13.68)**	**-**	**-**	**(5.40)**	**(0.33)**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax	
	2018-2019	2017-2018
USD sensitivity		
INR/USD appreciates by 5% (31st March, 2018 - 5%) @	(8.28)	(2.01)
INR/USD depreciates by 5% (31st March, 2018 - 5%) @	8.28	2.01
EUR sensitivity		
INR/EUR appreciates by 5% (31st March, 2018 - 5%) @	0.20	0.68
INR/EUR depreciates by 5% (31st March, 2018 - 5%) @	(0.20)	(0.68)
GBP sensitivity		
INR/GBP appreciates by 5% (31st March, 2018 - 5%) @	0.00*	-
INR/GBP depreciates by 5% (31st March, 2018 - 5%) @	0.00*	-
JPY sensitivity		
INR/JPY appreciates by 5% (31st March, 2018 - 5%) @	0.00*	0.02
INR/JPY depreciates by 5% (31st March, 2018 - 5%) @	0.00*	(0.02)

@ Holding all other variables constant.
*Amount is below the rounding off norm adopted by the Company.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2019 and 31st March, 2018, the Company's borrowings at variable rate were mainly denominated in INR.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

On Financial Liabilities:

The exposure of the Company's financial liabilities to interest rate risk is as follows:

Particulars	31st March, 2019	31st March, 2018
Variable rate borrowings	2,966.32	3,502.05
Fixed rate borrowings	26.73	23.73
Total borrowings	**2,993.05**	**3,525.78**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	Impact on profit before tax / equity	
	2018-2019	2017-2018
Interest expense rates – increase by 50 basis points (50 bps) #	(14.83)	(17.51)
Interest expense rates – decrease by 50 basis points (50 bps) #	14.83	17.51

Holding all other variables constant

(iii) Price risk

(a) Exposure

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the balance sheet at fair value through OCI. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. In general, these investments are not held for trading purposes.

(b) Sensitivity

The table below summarizes the impact of increases/decreases of the share prices on the Company's equity.

Particulars	Impact on equity	
	31st March, 2019	31st March, 2018
Share price - Increase 5%	3.85	3.92
Share price - Decrease 5%	(3.85)	(3.92)

39. Segment reporting

The Company's organizational structure and governance processes are designed to support effective management of Cement and Tyre, the two business segments of the company, with equal focus on both. The two Segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors which is the Chief Operating Decision Maker (CODM).

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before exceptional items and tax. Accordingly, finance costs / income, non – operating expenses and exceptional items are not allocated to individual segment.

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipments, capital work-in-progress, intangibles, non-current investments, inventories, cash and cash equivalents, inter-segment assets. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises additions to property, plant and equipments and intangible assets.

The reporting segments of the Company are as below:

Tyre: This covers the sale of tyre, tubes, flaps etc. The Company operates its tyre business under the name. 'Birla Tyres'

Cement: This covers the sale of cement. The Company operates its cement business under the name. 'Birla Shakti Cement'.

Unallocated: Unallocated items include expenses / results, assets and liabilities (including inter-segment assets and liabilities) of corporate headquarters of the Company, non-current investment, current taxes, deferred taxes and certain financial assets and liabilities, not allocated to the operating segments.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Summary of the segmental information for the year ended and as of 31st March, 2019 is as follows:

Particulars	Tyre	Cement	Unallocated	Total
Segment Revenue				
Revenue	1,298.10	2,580.52	0.04	3,878.66
	1,298.10	**2,580.52**	**0.04**	**3,878.66**
Segment Results [Profit/(Loss) before interest and tax]	(107.84)	259.77	1.49	153.42
Finance cost				(419.62)
Exceptional items (refer note 29)				-
Profit/(Loss) Before Tax				**(266.20)**
Segment Assets	1,856.55	1,882.95	1,374.59	5,114.09
Segment Liabilities	813.42	634.20	3,136.28	4,583.90
Segment Capital Expenditure	18.68	26.44	0.55	45.67
Segment Depreciation and amortisation	45.16	83.70	4.22	133.08
Non cash item other than depreciation and amortisation included in segment expense				21.15

Summary of the segmental information for the year ended and as of 31st March, 2018 is as follows:

Particulars	Tyre	Cement	Unallocated	Total
Segment Revenue				
Revenue	1,453.04	2,251.23	0.30	3,704.57
	1,453.04	**2,251.23**	**0.30**	**3,704.57**
Segment Results [Profit/(Loss) before interest and tax]	(128.93)	127.50	29.72	28.29
Finance cost				(418.57)
Exceptional items (refer note 29)				(75.23)
Profit/(Loss) Before Tax				**(465.51)**
Segment Assets	2,017.02	1,993.13	1,652.09	5,662.24
Segment Liabilities	852.67	504.42	3,531.45	4,888.54
Segment Capital Expenditure	75.43	41.71	422.29	539.43
Segment Depreciation and amortisation	39.04	84.63	4.56	128.23
Non cash item other than depreciation and amortisation included in segment expense				56.52

Geographical information

(a) Revenue from external customers:

Particulars	2018-2019	2017-2018
India	3,736.36	3,539.48
Others	142.30	165.09
	3,878.66	**3,704.57**

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

40. Related party transactions

List of Related Parties and relationship
A) Subsidiary
Cygnet Industries Limited
B) Joint Venture
Gondkhari Coal Mining Limited
C) Post Retirement Benefit Plan
B.K. Birla Group of Companies Provident Fund Institution.
Birla Industries Provident Fund Institution.
KICM Gratuity Fund
Kesoram Superannuation Fund
D) Key Management Personnel
E) Others
a: Entity Controlled, Joint Control by Key Management Personnel
MSK Travels and Tours Limited
Aditya Marketing & Mfg Limited
Arbela Trading and Services Private Limited
Usinara Trading and Services Private Limited
b: One Entity is an Associate of the other Entity (or an Associate of a group of which the other Entity is a member)
Manav Investment & Trading Co Limited & its subsidiaries

(A) The following transactions were carried out with the related parties in the ordinary course of business.

Nature of Transaction/ Relationship	2018-2019	2017-2018
Interest Income:		
Subsidiary	36.95	62.82
Management Service Income:		
Subsidiary	3.44	5.04
Rent Received:		
Subsidiary	0.18	0.17
Others	0.00*	0.00*
Reimbursement of Expenses:		
Subsidiary	-	3.12
Acquisition of Shares		
Subsidiary	-	400.00
Loan Received		
Subsidiary	652.33	701.82
Loan Given		
Subsidiary	591.45	944.20

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

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Nature of Transaction/ Relationship	2018-2019	2017-2018
Business advance given		
Subsidiary	-	38.00
Business advance received		
Subsidiary	0.13	38.00
Interest Received		
Subsidiary	75.62	41.64
Purchase of Machinery		
Subsidiary	-	0.01
Advance Given		
Joint Venture	-	0.32
Provident Fund Contribution		
Post Retirement Benefit Plan	3.91	4.59
Gratuity Contribution		
Post Retirement Benefit Plan	11.66	2.16
Gratuity Claimed		
Post Retirement Benefit Plan	6.84	14.93
Superannutaion Contribution		
Post Retirement Benefit Plan	0.05	0.08
Upkeep, Rent, Electricity, Generator facility		
Others	0.46	0.00*
Tour & Travel Services		
Others	5.17	0.02
Receipt of ICD		
Others	5.25	-
Repayment of ICD		
Others	5.26	-
Interest Payment		
Others	0.01	-
Expenditure-Other Services		
Others	11.95	13.83

(B) Outstanding balances

Nature of Transaction/ Relationship	31st March, 2019	31st March, 2018
Payable :		
Others	2.54	2.16
Post Retirement Benefit Plan	5.13	0.38
Loan Receivable		
Subsidiary	329.51	386.23
Joint Venture	6.17	6.17

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

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Nature of Transaction/ Relationship	31st March, 2019	31st March, 2018
Interest Receivable		
Subsidiary	4.05	43.42
Joint Venture	0.62	0.62
Rent Receivable		
Subsidiary	0.02	0.02
Investment in Shares		
Subsidiary	430.05	430.05
Advance Receivable		
Joint Venture	0.32	0.32
Receivable		
Post Retirement Benefit Plan	-	3.02
Others	0.00*	0.04

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

(C) Compensation of KMP of the Company

(i) The following transactions were carried out with the KMP in the ordinary course of business.

The details of remuneration paid to key management personnel is provided in Note 25.

Particulars	2018-2019	2017-2018
Sitting fees to Director	0.66	0.65
Reimbursement of Expenses	0.13	0.08
Loan from Director	-	23.73

(ii) Outstanding balances

Particulars	31st March, 2019	31st March, 2018
Remuneration	1.20	-
Loan from Director	23.73	23.73

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 6), and Non Current Loans and Advances (refer note 7) and Guarantees (refer note 32(a)).

Also refer note 33(b) relating to commitments as on 31st March, 2019 in respect of Cygnet Industries Ltd amounting to ₹225 crore (Previous year : ₹550 crore) for borrowing / financing obligation.

41. The Loan to Cygnet Industries Ltd, a wholly owned subsidiary company, was given after complying with the provisions of section 186(4) of the Companies Act, 2013. The loan was given in accordance with the terms and conditions agreed between the parties and is 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.

Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

42. Demerger of business

The Board of Directors has approved a Scheme of Arrangement ('the Scheme') under Section 230 and 232 of the Companies Act, 2013 for demerger of the Company' s Tyre business into Birla Tyres Limited . The Appointed Date is 1st January, 2019. The Scheme will be effective upon receipt of such approvals as may be statutorily required including that of the Kolkata Bench of the National Company Law Tribunal ("NCLT").The Stock Exchanges have accorded in principle approval to the Scheme. Accordingly, the Company has filed the Scheme with NCLT.

43. The Company has incurred cash losses during the past few financial years and also during the Financial Year 2018-2019. However, the Company has succeeded in significantly reinforcing its performance during the said Financial Year. This is evident from the significant narrowing of losses before taxes during the Financial Year. This has been achieved through economies of cost and improving operational efficiency. The Company has effected meaningful reduction in its overall debt during the said Financial Year. The Promoter Group, in turn, has consistently demonstrated its financial commitment in the Company and would continue with that support.

44. Research and development expenditure

The Company has incurred ₹5.63 Crore (2017-2018: ₹7.41 Crore) on account of Research and Development expenses which has been charged to Statement of Profit and Loss. Capital Expenditure relating to Research and Development amounting to ₹1.68 crore (2017-2018: ₹2.01 crore) has been included in property, plant and equipment.

Particulars	2018-2019		2017-2018	
	Capital	Revenue	Capital	Revenue
Vasavadatta Cement	-	-	0.02	3.65
Kesoram Cement	-	1.54	-	1.34
Birla Tyre	1.68	4.09	1.99	2.42
	1.68	**5.63**	**2.01**	**7.41**

45. Figures for the previous year have been regrouped/reclassified wherever necessary to conform to current period's classification.

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Place: Kolkata
Date : 15th May, 2019

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To The Members of Kesoram Industries Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Kesoram Industries Limited ('the Parent') and its subsidiary, (the Parent and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income),the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary referred to in the Other Matters section below,the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2019, and their consolidated loss,their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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 the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td></td><td>Tangible property. Plant and equipment - Tyre division of the Group - impairment assessment [Note 39 of the Consolidated Financial Statements]

Key Audit Matter Description

The tyre division of the Parent has been making continuous losses in past few previous years due to various internal and external factors. As at 31st March, 2019 the written down value of the fixed assets amounted to ₹1,321.81 crores [this includes ₹749.49 crores for Passenger Car Radial Tyres, which is yet to commence commercial operations]. The Parent has announced demerger of its tyre business on 4th December, 2018. Considering the continuous losses incurred by the tyre division, the probability of impairment could be dependent on assumptions and methodology used for the fair valuation of the Property, Plant and Equipment by the management appointed external experts.

Impairment assessment of the Property, Plant and Equipment of the tyre division is considered as a Key Audit Matter since there is significant management judgements and estimates involved in the impairment assessment, such as:

• The determination of recoverable amount, being the higher of value-in-use and fair value less costs to dispose.

• The methodology used in determination of the fair value of assets by management appointed external experts may be dependent on interpretation of the valuation standards and the assumptions used such as inflation index, useful lives, salvage value.</td><td>How the Key Audit Matter Was Addressed in the Audit:

Our audit procedures included challenging management on the appropriateness and reasonableness of the fair valuation approach and assumptions used for determining the fair value of assets by external experts through performing the following:

• We obtained an understanding of controls instituted by the management to assess impairment indicators and tested the operation of the management controls over the impairment assessment process and review of fair valuation report obtained from the external experts

• Tested the reasonableness of the fair valuation methodology used and the assumptions made for determining the fair value of the assets using our internal fair valuation specialists.

• Reconciled the carrying amount of the assets category wise as per the valuation report provided by the management and as per the books.

• Evaluated the adequacy of disclosures in the financial statements with respect to the assumptions and checked whether they were appropriately presented.</td></tr>
<tr><td></td><td></td><td></td></tr>
</table>

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the Report of the Directors and the following Annexures thereto (namely Management Discussion and Analysis, Report on Corporate Governance, Annual Report on Corporate Social Responsibility Activities, Form AOC – 1, Conservation of energy, Technology Absorbtion and exchange Earnings and Outgo) but does not include the consolidated financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary audited by the other auditors, to the extent it relates to the entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary is traced from their financial statements audited by the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent and its subsidiary company which is company incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹644.17 crores as at 31st March, 2019, total revenues of ₹342.51 crores and net cash (outflows) amounting to ₹(8.85) crores for the year ended on that date, as considered in the consolidated financial statements. This financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

(b) In the case of one joint venture, the financial statements as at 31st March, 2019 are not available. The investment in this company has been fully impaired as at 31st March, 2019, the Group's share of profit / (loss) of the joint venture have not been included in the consolidated financial statements.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary referred to in the Other Matters section above 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 relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

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

    e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2019 taken on record by the Board of Directors of the Parent and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group is disqualified as on 31st March, 2019 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"which is based on the auditors' reports of the Parent and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our information and according to the explanations given to us:

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group ;

   ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Place: Kolkata
Date: 15th May, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting of Kesoram Industries Limited (hereinafter referred to as 'the Parent') and its subsidiary company which is a company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on 'the internal control over financial reporting criteria established by the respective Companies 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company, which is a company incorporated in India, 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which is a company incorporated in India, 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 internal financial controls system over financial reporting of the Parent and its subsidiary company, which is a company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India'.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding reports of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No. 302009E)

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

Place: Kolkata
Date: 15th May, 2019

Consolidated Balance Sheet

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Notes	31st March, 2019	31st March, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	2,771.76	2,889.51
(b) Capital work-in-progress		799.94	789.85
(c) Other intangible assets	4	0.26	0.56
(d) Equity accounted investments	5	-	-
(e) Financial assets			
(i) Investments	6	81.60	720.02
(ii) Loans	7	-	-
(iii) Other financial assets	8	20.75	24.66
(f) Income tax asset (net)		23.64	59.99
(g) Other non-current assets	9	75.48	88.38
Total non-current assets		**3,773.43**	**4,572.97**
(2) Current assets			
(a) Inventories	10	361.19	458.01
(b) Financial assets			
(i) Trade receivables	11	586.78	572.92
(ii) Cash and cash equivalents	12	18.57	76.18
(iii) Other bank balances	13	27.94	31.46
(iv) Loans	7	10.78	6.38
(v) Other financial assets	8	25.04	184.56
(c) Other current assets	9	190.93	214.48
Total current assets		**1,221.23**	**1,543.99**
Total assets		**4,994.66**	**6,116.96**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14 (a)	142.59	137.34
(b) Other equity	14 (b)	(30.33)	390.10
Total equity		**112.26**	**527.44**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	2,143.40	2,738.93
(ii) Other financial liabilities	16	227.29	249.98
(b) Provisions	17	34.96	34.18
(c) Deferred tax liabilities (net)	18	-	-
(d) Other Non-current liabilities	19	1.37	1.64
Total non-current liabilities		**2,407.02**	**3,024.73**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	846.73	1,241.03
(ii) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		8.40	2.40
Total outstanding dues of creditors other than micro enterprises and small enterprises		864.71	720.65
(iii) Other financial liabilities	16	296.31	228.34
(b) Provisions	17	134.11	143.01
(c) Income tax liabilities (net)		46.42	53.72
(d) Other current liabilities	19	278.70	175.64
Total current liabilities		**2,475.38**	**2,564.79**
Total liabilities		**4,882.40**	**5,589.52**
Total equity and liabilities		**4,994.66**	**6,116.96**
Notes forming part of the Financial Statements	1 - 44		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date : 15th May, 2019

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Consolidated Statement of Profit and Loss

(All amounts in Rupees crores, unless otherwise stated)

	Particulars	Notes	2018-2019	2017-2018
I	Revenue from operations	21	4,202.02	3,995.81
II	Other income	22	88.40	159.49
III	**Total Income (I+II)**		**4,290.42**	**4,155.30**
IV	**Expenses:**			
	(a) Cost of materials consumed	23	1,168.21	1,145.60
	(b) Purchases of stock-in-trade		89.15	145.35
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	75.17	26.20
	(d) Excise duty on sale of goods		-	122.64
	(e) Employee benefit expense	25	355.56	411.27
	(f) Depreciation and amortisation expense	26	153.15	146.10
	(g) Finance costs	27	512.36	443.05
	(h) Other expenses	28	2,312.09	2,218.72
	Total Expenses		**4,665.69**	**4,658.93**
V	**Profit/(Loss) before exceptional items and tax (III-IV)**		**(375.27)**	**(503.63)**
VI	**Exceptional Items**	29	**-**	**(75.93)**
VII	**Profit/(Loss) before tax (V+VI)**		**(375.27)**	**(579.56)**
VIII	**Tax expense:**	30		
	(1) Current tax charge / (credit) (in respect of earlier year)		(11.95)	-
	(2) Deferred tax charge / (credit)		-	(2.00)
IX	**Profit/(Loss) for the year (VII-VIII)**		**(363.32)**	**(577.56)**
X	**Other comprehensive income**			
	Items that will not be reclassified to Profit or Loss			
	Remeasurement of post-employment benefit plans		(0.54)	(7.16)
	Fair value changes of investments in equity shares		(60.51)	(76.18)
	Income tax relating to items that will not be reclassified to the Statement of Profit and Loss		-	(2.00)
	Total other comprehensive income/(loss)		**(61.05)**	**(85.34)**
XI	**Total comprehensive income/(loss) for the year (IX+X)**		**(424.37)**	**(662.90)**
XII	**Earnings per share**	31		
	Basic (₹)		(25.49)	(46.93)
	Diluted (₹)		(25.49)	(46.93)
XIII	**Notes forming part of the Financial Statements**	1 - 44		

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date : 15th May, 2019

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Consolidated Statement of Cash Flows

(All amounts in Rupees crores, unless otherwise stated)

Particulars	2018-2019	2017-2018
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before tax	(375.27)	(579.56)
Adjustments for:		
Depreciation and amortisation	153.15	146.10
Advance/deposits written off	2.32	1.37
Provision for bad and doubtful debts (written back)	4.06	(5.07)
Provision for Warranty	18.17	24.34
Provision for decommissioning obligation	0.84	0.75
Provision for doubtful advances	12.20	34.51
Provision for contingencies	-	18.41
Exchange loss/(gain) on derivatives instruments	0.01	(0.49)
Finance costs	512.35	443.02
Exchange loss/(gain) on foreign currency fluctuation	2.99	(1.17)
Exceptional Items	-	41.36
Loss on sale of property, plant and equipment (Net)	4.01	4.46
Loss/ (gain) on sale of investments (net)	(0.02)	-
Liabilities/Provision no longer required written back	(16.74)	(17.44)
Interest income	(43.82)	(135.29)
Dividend income from long term investment (other than trade)	(0.37)	(0.07)
Operating profit/(loss) before working capital changes	**273.88**	**(24.77)**
Changes in Working Capital:		
Increase / (decrease) in Non Current /Current financial and other liabilities/ provisions	202.40	235.04
(Increase) / decrease in Non Current /Current financial and other assets	173.19	(26.17)
(Increase) / decrease in inventories	96.80	8.55
Cash Generated from Operations	**746.27**	**192.65**
Direct Taxes paid (net of refunds)	29.16	(15.78)
Net cash generated from operating activities	**775.43**	**176.87**
B. Cash flow from Investing Activities:		
Purchase of property, plant and equipment/Capital Advance given	(36.98)	(661.70)
Proceeds from sale of property, plant and equipment	6.00	1.98
Loan to body corporate	(246.68)	-
Repayment of Loan by body corporate	240.53	-
Refund of capital advance	-	256.71
Purchase of Non-Current Investments	-	(725.74)
Proceeds from sale of Non Current investments	577.92	0.62
Interest received	33.83	136.21
Deposit made with bank	(0.31)	-
Dividend income from long term investment (other than trade)	0.37	0.07
Net cash generated from investing activities	**574.68**	**(991.85)**
C. Cash flow from Financing Activities		
Proceeds from Issue of Equity Shares	-	219.99
Proceeds from issue of share warrants	9.19	82.69
Finance cost paid	(494.66)	(481.51)
Proceeds from		
- Long term borrowings	200.00	1,188.15
- Short term borrowings	1,584.70	3,758.02

Consolidated Statement of Cash Flows (contd.)

(All amounts in Rupees crores, unless otherwise stated)

Particulars	2018-2019	2017-2018
Repayment of		
- Long term borrowings	(730.38)	(448.51)
- Short term borrowings	(2,391.51)	(3,656.77)
Net cash (used)/generated in financing activities	**(1,822.66)**	**662.06**
Net decrease in cash and cash equivalents	**(472.55)**	**(152.92)**
Cash and cash equivalents at the beginning of the year	76.18	153.36
Cash and cash equivalents on acquisition of undertaking	-	0.04
Less: Cash credits at the beginning of the year	(220.70)	(145.00)
Adjusted cash & cash equivalents at the beginning of the year	(144.52)	8.40
Adjusted cash & cash equivalents at the end of the year	**(617.07)**	**(144.52)**

Particulars	2018-2019	2017-2018
Cash and Cash Equivalents comprise :		
Cash on hand	0.05	0.15
Cheques on hand	6.49	19.14
Balances with banks on current account	12.02	21.28
Balances with banks on Cash Credit Accounts	-	29.61
Others		
In post office saving bank account	-	0.00*
Deposit with original maturity less than three months	0.01	6.00
Cash credits at the end of the year	(635.64)	(220.70)
	(617.07)	**(144.52)**

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

Notes:

1. The above cash flow statement has been prepared under the Indirect Method as set out in Ind AS - 7 "Statement of Cash Flows".
2. During the year, the Group allotted 52,50,000 Equity Shares of face value ₹10 each on preferential basis to a promoter group entity by conversion of the existing 52,50,000 convertible warrants of ₹10 each issued at a premium of ₹165 each , on account of conversion option exercised by the promoter group entity.
3. During the previous year, the Group alloted 75,00,000 Equity Shares of face value ₹10 each to IndusInd Bank Ltd by converting the existing 7,50,000 Optionally Convertible Preference Shares of ₹100 each at the stipulated price of ₹120 per Equity Share on account of conversion option exercised by IndusInd Bank Ltd.

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date : 15th May, 2019

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Consolidated Statement of Changes in Equity

A. Equity share capital

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Notes	Amount
As at 1st April, 2017		117.27
Changes during the year	14 (a)	20.07
As at 31st March, 2018		**137.34**
Changes during the year	14 (a)	5.25
As at 31st March, 2019		**142.59**

B. Other equity

Particulars	Notes	Share warrants	Securities Premium	Capital reserve - Development grant/ subsidy	Capital reserve -Amalgama-tion reserve	Capital reserve - business combination	Capital Redemp-tion Reserve	General reserve	Others ^ ^	Retained earnings	FVOCI - equity instruments	Total other equity
Balance at 1st April, 2018		82.69	714.64	0.40	2.91	41.51	3.59	224.00	7.31	(662.23)	(24.72)	**390.10**
Profit/(Loss) for the year		-	-	-	-	-	-	-	-	(363.32)		**(363.32)**
Other comprehensive income/ (expense) [net of tax]		-	-	-	-	-	-	-	-	(0.54)	(60.51)	**(61.05)**
Total comprehensive income for the year		-	-	-	-	-	-	-	-	**(363.86)**	**(60.51)**	(424.37)
Issue of equity shares and warrants		(82.69)	86.63	-	-	-	-	-	-	-	-	**3.94**
Transfer in equity	14 (b)	-	-	-						(141.51)	141.51	-
Balance as at 31st March, 2019		-	**801.27**	**0.40**	**2.91**	**41.51**	**3.59**	**224.00**	**7.31**	**(1,167.60)**	**56.28**	**(30.33)**

Particulars	Notes	Share warrants	Securities Premium	Capital reserve - Development grant/ subsidy	Capital reserve -Amalgama-tion reserve	Capital reserve - business combination	Capital Redemp-tion Reserve	General reserve	Others ^ ^	Retained earnings	FVOCI - equity instruments	Total other equity
Balance at 1st April, 2017		-	424.72	0.40	2.91	41.51	3.59	224.00	7.31	(78.13)	54.08	**680.39**
Profit/(Loss) for the year		-	-	-	-	-	-	-	-	(577.56)		**(577.56)**
Other comprehensive income/ (expense) [net of tax]		-	-	-	-	-	-	-	-	(7.16)	(78.18)	**(85.34)**
Addition in equity		-	-	-	-	-				-	-	-
Total comprehensive income for the year		-	-	-	-	-	-	-	-	**(584.72)**	**(78.18)**	**(662.90)**
Issue of equity shares and warrants		82.69	289.92	-	-	-	-	-	-	-	-	**372.61**
Transfer in equity^	14 (b)	-	-	-						0.62	(0.62)	-
Balance at 31st March, 2018		**82.69**	**714.64**	**0.40**	**2.91**	**41.51**	**3.59**	**224.00**	**7.31**	**(662.23)**	**(24.72)**	**390.10**

^ represents gain on sale of shares transferred from Fair value through other comprehensive income (FVOCI) - equity instruments to retained earnings.
^ ^ refer note 14 (b).

In terms of our report attached

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.302009E)

Abhijit Bandyopadhyay
Partner

Place: Kolkata
Date : 15th May, 2019

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

1. Group Information

The Consolidated financial statements comprises of the financial statements of Kesoram Industries Limited (the Holding Company), its joint venture and its subsidiary (collectively referred to as 'the Group'). The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standard (Ind AS) 110 "Consolidated Financial Statements".

The consolidated financial statements as at 31st March, 2019 present the financial position of the Group.

The consolidated financial statements for the year ended 31st March, 2019 were approved by the Board of Directors and authorised for issue on 15th May, 2019.

2. Summary of significant accounting policies

2.1 Basis of preparation

(a) Compliance with Ind AS

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013. The consolidated financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013. The Group adopted Ind AS from 1st April, 2017.

Up to the year ended 31st March, 2017, the Group prepared its consolidated financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. The date of transition to Ind AS is 1st April, 2016.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Ind AS.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entity controlled by the Group i.e. its subsidiary. It also includes the Group's share of profits, net assets and retained post acquisition reserves of joint arrangement that are consolidated using the equity method of consolidation, as applicable.

Control is achieved when the Group is exposed to, or has rights to the variable returns of the entity and the ability to affect those returns through its power over the entity.

The results of subsidiary and joint arrangement acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Wherever necessary, adjustments are made to the financial statements of subsidiaries and joint arrangements to bring their accounting policies in line with those used by other members of the Group.

Intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.3 Business combinations

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The consideration transferred in each business combination is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree.

Acquisition related costs are recognised in the consolidated statement of profit and loss.

Goodwill arising on acquisition is recognised as an asset and measured at cost, being the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised. Where the fair value of the identifiable assets and liabilities exceed the cost of acquisition, after re-assessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve on consolidation.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

Once control has been achieved, any subsequent acquisitions where the Group does not originally hold hundred percent interest in a subsidiary are treated as an acquisition of shares from non-controlling shareholders. The identifiable net assets are not subject to further fair value adjustments and the difference between the cost of acquisition of the non-controlling interest and the net book value of the additional proportion acquired is adjusted in equity. The amount of non-controlling interests in the acquiree is measured either at the non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised or at fair value.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interest method. The difference between any consideration transferred and the aggregate historical carrying values of assets and liabilities of the acquired entity are recognised in shareholder's equity.

When a transaction or other event does not meet the definition of a business combination due to the asset or group of assets not meeting the definition of a business, it is termed an 'asset acquisition'. In such circumstances, the acquirer:

- identifies and recognises the individual identifiable assets acquired
- allocates the cost of the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Such a transaction or event does not give rise to goodwill or a gain on a bargain purchase.

2.4 Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

2.5 Interest in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity where the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control.

Joint arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as joint ventures. The Group reports its interests in joint ventures using the equity method of accounting whereby an interest in joint venture is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint venture. The consolidated statement of profit and loss reflects the Group's share of the results of operations of the joint venture.

2.6 Property, plant and equipment

(a) Property, plant and equipment 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) Subsequent expenditure related to an item of property, plant and equipment is added to its carrying amount only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(c) Capital work-in-progress is stated at cost, [including borrowing cost, where applicable and adjustment for exchange difference referred to in Note 2.18 below] incurred during construction/installation period relating to items or projects in progress.

(d) Losses arising from the retirement of and gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the Statement of profit and loss.

(e) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Class of assets	Estimated useful life (in years)
Buildings	3-60 Years
Plant and Equipment	1-40 Years
Furniture and Fixtures	1-16 Years
Office Equipment	1-20 Years
Vehicles	8-10 Years
Railway Siding	15 Years

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

2.7 Intangible assets

Intangible property, plant and equipment are capitalised where it is expected to provide future enduring economic benefits and amortised on a straight line basis. 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.

Class of assets	Estimated useful life (in years)
Software	3 Years

2.8 Impairment

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

2.10 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 Group. The cost of finished goods and work in progress comprises

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

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.

2.11 Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

i) 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. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

ii) Other bank balances

Other bank balances include deposits with maturity less than twelve months but greater than three months and balances and deposits with banks that are restricted for withdrawal and usage.

iii) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iv) Financial assets measured at fair value

Financial assets are measured at 'Fair value through other comprehensive income' (FVOCI) if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at 'Fair value through the statement of profit and loss' (FVPL).

v) Impairment of financial assets

The Group assesses on a forward looking basis the 'Expected credit losses' (ECL) associated with its assets carried at amortised cost and FVOCI debt instruments. The Group recognises loss allowance for expected credit losses on financial asset.

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

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

vi) **De-recognition of financial assets**

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(b) **Financial liabilities and equity instruments**

i) **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

ii) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

iii) **Financial Liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant.

Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

iv) **De-recognition of financial liabilities**

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

v) **Derivative financial instruments**

In the ordinary course of business, the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts

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

vi) **Offsetting financial instruments**

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

2.12 Employee Benefits

(a) **Defined contribution plans**

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

(b) Defined benefit plans

For defined benefit retirement schemes the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuation being carried out at each balance sheet date. Re-measurement gains and losses of the net defined benefit liability/ (asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/ (asset) is treated as a net expense within employment costs.

Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined-benefit obligation as reduced by the fair value plan assets.

(c) Compensated absences

Accumulated compensated absences which are expected to be availed or encashed within twelve 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 twelve months from the year end are treated as other long term employee benefits. The Group'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.

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

2.13 Government Grants

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

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

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

i) Provision for restoration and environmental costs

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the Statement of Profit and Loss.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

ii) **Provision for warranty**

The estimated li ability for warranty 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 based on corrective actions on product failure. The timing of outflows will vary as and when the obligation will arise - being typically up to five years.

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.

2.15 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.16 Taxes on Income

Taxes on income comprises of current taxes and deferred taxes. Current tax in the Statement of Profit and Loss is provided as the amount of tax payable in respect of taxable income for the period using tax rates and tax laws enacted during the period, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes (tax base), at the tax rates and tax laws enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognised for the future tax consequences to the extent it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

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

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

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

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

2.17 Revenue Recognition

The Group derives revenues primarily from sale of Tyres, Cement & Rayon.

Effective 1st April, 2018, the Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Group has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e.1st April, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated- i.e. the comparative information continues to be reported under Ind AS 18. The adoption of the standard did not have any material impact on the financial statements of the Group.

Revenue shall be recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

(a) Sales of goods

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations may be satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the term of relevant contractual agreements / arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due, which are otherwise recorded as contract assets.

(b) Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

(c) Dividend income

Dividend income from investments is recognised when the shareholder’s rights to receive payment have been established.

(d) Rental income

Rental income from investment properties and subletting of properties is recognised on a time proportion basis over the term of the relevant leases.

(e) Warranty obligations

The Group generally provides for warranties which are assurance-type warranties under Ind AS 115, and are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

(f) Unfulfilled performance obligations

The Group provides certain benefits to customers for purchasing products from the Group. These provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide such benefits to the customer is a separate performance obligation. The transaction price is allocated to the product and the benefit to be provided on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the providing cost of such benefits. These estimates are established using historical information on the nature, frequency and average cost of obligations and

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

management estimates regarding possible future incidence. To the extent these benefits are not settled/disbursed till the end of a reporting period these are recorded.

A contract liability is recognised until the benefit is provided.

2.18 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 using effective interest rate method. All other borrowing costs are recognised in the Statement of profit and loss in the period in which they are incurred.

2.19 Foreign currency transactions and translations

(a) Functional and presentation currency

The consolidated financial statements of the Group are presented in Indian rupees (INR), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

(b) Transactions and balances

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 arising out of fluctuations in the exchange rates are recognised in the statement of profit and loss in the period in which they arise.

2.20 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 property, plant and equipment.

2.21 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

2.22 Segment reporting

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

The Board of Directors has been identified as the chief operating decision maker. Refer note 39 for segment information presented. The company accounts for intersegment sales and transfers at cost.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

2.23 Use of estimates and critical accounting judgements

In preparation of the consolidated financial statements, the Group makes judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and the associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets and investments, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

2.24 Standards issued but not effective

Ind AS 116:- Leases

Ind AS 116 was notified by Ministry of Corporate Affairs on 30th March, 2019 and it is applicable for annual reporting periods beginning on or after 1st April, 2019.

Ind AS 116 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The Statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

Presently, the Group is in the process of evaluating the impact that application of Ind AS 116 is expected to have on its financial statements. The Group intends to apply simplified transition approach and will not restate comparative information in the financial statements for the year ending 31st March, 2020 to show the impact of adopting Ind AS 116.

Ind AS 12:- Income Taxes- Appendix C, 'Uncertainty over Income Tax Treatments'

This appendix was notified by Ministry of Corporate Affairs on 30th March, 2019 and it is applicable for annual reporting periods beginning on or after 1st April, 2019. The appendix explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

Presently, the Group is in the process of evaluating the impact that application of this appendix is expected to have on its financial statements. The Group intends to apply this appendix retrospectively, with the cumulative effect of initially applying the appendix recognised at the date of initial application as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate).

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

3. Property, plant and equipment

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK
	As at 1st April, 2018	Additions during the Year	Deletion during the Year	As at 31st March, 2019	Upto 1st April, 2018	Provided during the Year	Deletion during the Year	Upto 31st March, 2019	As at 31st March, 2019
Land :									
- Freehold	988.47	9.77	-	998.24	-	-	-	-	998.24
- Leasehold	2.63	-	-	2.63	0.11	0.06	-	0.17	2.46
Buildings	545.75	4.34	3.01	547.08	53.34	26.60	0.36	79.58	467.50
Plant and Equipments	1,576.95	25.66	13.24	1,589.37	211.01	118.77	7.47	322.31	1,267.06
Furniture and Fixtures	11.77	0.50	0.18	12.09	2.84	1.37	0.18	4.03	8.06
Office Equipment	8.37	0.38	0.64	8.11	3.90	1.59	0.58	4.91	3.20
Vehicles	20.79	1.00	2.54	19.25	5.54	2.90	1.28	7.16	12.09
Railway Siding	14.35	3.50	0.38	17.47	2.93	1.59	0.10	4.42	13.05
Bearer plant	0.10	-	-	0.10	-	-	-	-	0.10
Total	**3,169.18**	**45.15**	**19.99**	**3,194.34**	**279.67**	**152.88**	**9.97**	**422.58**	**2,771.76**

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK
	As at 1st April, 2017	Additions during the Year	Deletion during the Year	As at 31st March, 2018	Upto 1st April, 2017	Provided during the Year	Deletion during the Year	Upto 31st March, 2018	As at 31st March, 2018
Land :									
- Freehold	568.89	419.58	-	988.47	-	-	-	-	988.47
- Leasehold	2.63	-	-	2.63	0.05	0.06	-	0.11	2.52
Buildings	520.30	25.45	-	545.75	26.25	27.09	-	53.34	492.41
Plant and Equipments	1,532.29	50.58	5.92	1,576.95	101.25	110.64	0.88	211.01	1,365.94
Furniture and Fixtures	11.71	0.39	0.33	11.77	1.46	1.45	0.07	2.84	8.93
Office Equipment	7.96	0.59	0.18	8.37	2.12	1.88	0.10	3.90	4.47
Vehicles	20.05	2.08	1.34	20.79	2.78	3.09	0.33	5.54	15.25
Railway Siding	14.40	-	0.05	14.35	1.47	1.46	-	2.93	11.42
Bearer plant	0.10	-	-	0.10	-	-	-	-	0.10
Total	**2,678.33**	**498.67**	**7.82**	**3,169.18**	**135.38**	**145.67**	**1.38**	**279.67**	**2,889.51**

(i) Refer note 15 for Property, plant and equipment pledged as security.

(ii) Contractual obligations

Refer note 33 for disclosure of contractual commitments for the acquisition of property, plant and equipments.

(iii) The above balances include:

	31st March, 2019	31st March, 2018
(i) Cost of assets lying with third parties - plant & equipments	13.21	13.21

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

4. Other Intangible Assets

Particulars	GROSS BLOCK - AT COST				AMORTISATION				NET BLOCK
	As at 1st April, 2018	Additions during the Year	Deletion during the Year	As at 31st March, 2019	Upto 1st April, 2018	Provided during the Year	Deletion during the Year	Upto 31st March, 2019	As at 31st March, 2019
Software	1.61	-	0.04	1.57	1.05	0.27	0.01	1.31	0.26
	1.61	**-**	**0.04**	**1.57**	**1.05**	**0.27**	**0.01**	**1.31**	**0.26**

Particulars	GROSS BLOCK - AT COST				AMORTISATION				NET BLOCK
	As at 1st April, 2017	Additions during the Year	Deletion during the Year	As at 31st March, 2018	Upto 1st April, 2017	Provided during the Year	Deletion during the Year	Upto 31st March, 2018	As at 31st March, 2018
Software	1.22	0.39	-	1.61	0.62	0.43	-	1.05	0.56
	1.22	**0.39**	**-**	**1.61**	**0.62**	**0.43**	**-**	**1.05**	**0.56**

5. Equity accounted investments

Joint venture:

(i) The Group holds 45.46% of the total equity share capital and voting rights in Gondhkari Coal Mining Limited. The decisions in respect of activities which significantly affect the risks and rewards of these respective entities, however require an unanimous consent of all the shareholders. These entities have therefore been accounted for as joint ventures.

(ii) The Group has no material joint venture as at 31st March, 2019. The summarised financial information in respect of the Group's immaterial joint venture that is accounted for using the equity method is as below:

Particulars	31st March, 2019	31st March, 2018
Carrying value of the Group's interest in joint venture:	-	-

Particulars	31st March, 2019	31st March, 2018
Group's share of profit/(loss) in joint venture	-	-
Group's share of other comprehensive income in joint venture	-	-
Group's share of total comprehensive income in joint venture	-	-

(iii) Share of unrecognised losses in respect of equity accounted joint venture amounted to Nil for the year ended 2018-2019 (2017-2018: ₹0.17 crore). Cumulative shares of unrecognised losses in respect of equity accounted joint ventures as at 31st March, 2019 is ₹0.55 crore (31st March, 2018: ₹0.55 crore).

(iv) The Group has fully impaired its equity accounted joint ventures in the previous year

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Financial Assets

6. Investments

Particulars		Face value	31st March, 2019	31st March, 2018
A.	**Investments carried at fair value through other comprehensive income:**			
	Investments in Equity shares			
(i)	**Quoted**			
	496,100 (31st March, 2018: 496,100) shares of HGI Industries Ltd. $	10	0.00*	0.00*
	Nil (31st March, 2018: 3,17,745) shares of Jay Shree Tea & Industries Limited	5	-	2.73
	4,996,986 (31st March, 2018: 4,996,986) shares of Kesoram Textile Mills Limited #	2	23.96	23.38
	44,750 (31st March, 2018: 44,750) shares of Vidula Chemicals & Manufacturing Industries Ltd	10	-	-
	Nil(31st March, 2018: 22,85,278) shares of Aditya Birla Capital Ltd.	10	-	33.35
	Nil (31st March, 2018: 27,46,100) shares of Century Textiles & Industries Ltd.	10	-	313.77
	Nil (31st March, 2018: 16,32,342) shares of Grasim Industries Ltd.	2	-	171.54
	Nil (31st March, 2018: 53,586) shares of Hindalco Industries Ltd.	1	-	1.15
	Nil (31 March, 2018: 16,32,342) shares of Aditya Birla Fashion and Retail Ltd.	10	-	48.18
	Nil (31st March, 2018: 81,268) shares of Ultratech Cement Ltd.	10	-	32.10
	Nil (31st March, 2018: 4,15,680) shares of Century Enka Ltd.	10	-	12.53
	1,27,000 (31st March, 2018: 8,00,000) shares of Mangalam Cement Ltd ^ ^.	10	3.40	25.70
	6,53,462 (31st March, 2018: 6,53,462) shares of Mangalam Timber Products Ltd.	10	1.12	1.46
			28.48	**665.89**
(ii)	**Unquoted**			
	30,000 (31st March, 2018: 30000) shares of Birla Buildings Ltd	10	47.76	47.76
	10,000 (31st March, 2018: 10,000) shares of Coromandel Stampings & Stones Ltd $	10	0.00*	0.00*
	143,000 (31st March, 2018: 143,000) shares of Kesoram Insurance Broking Services Ltd	10	0.92	0.95
	10,455 (31st March, 2018: 10,455) shares of Calcutta Stock Exchange Association Ltd	1	-	-
	10 (31st March, 2018: 10) shares of Meghdoot Co-operative Housing Society Ltd $	100	0.00*	0.00*
	7,231 (31st March, 2018: 7,231) shares of Padmavati Investment Ltd	10	3.77	3.28
	18,800 (31st March, 2018: 18,800) shares of Vasavadatta Services Ltd	10	0.66	0.26
			53.11	**52.25**

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

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Face value	31st March, 2019	31st March, 2018
B. Investments carried at amortised cost:			
NSC savings certificate ^		0.01	0.01
		0.01	**0.01**
C. Investments carried at fair value through profit and loss(FVTPL):			
Investments in Mutual Funds			
(i) Quoted			
Nil (31st March, 2018:9,697.829) Units of Axis Liquid Fund - Direct Growth	1,000	-	1.87
		-	**1.87**
Total Investments		**81.60**	**720.02**

(i) The carrying value and market value of quoted and unquoted investments are as below:

(a) Quoted		
Carrying value	28.48	667.76
Market value	28.48	667.76
(b) Unquoted		
Carrying value	53.12	52.26

market values in cases of some quoted investments are not available, hence the fair value has been considered as market values in such cases

$ cost of these equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

^ pledged with govt authorities.

^ ^ investment in equity shares of Mangalam Cement Limited, have been pledged by the Subsidiary for loan availed by the Holding Company.

7. Loans

Particulars	31st March, 2019	31st March, 2018
A. Non-current		
Credit impaired		
(a) Loan to related parties	7.11	7.11
Less: Allowance for credit loss	(7.11)	(7.11)
	-	-
B. Current		
Unsecured, considered good		
(a) Loan to employees	0.62	2.38
(b) Loan to others	10.16	4.00
	10.78	**6.38**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

8. Other financial assets

Particulars	31st March, 2019	31st March, 2018
Non-current		
Deposit with original maturity for more than 12 months^	7.69	11.33
Security deposits	12.85	13.11
Interest accrued on deposits	0.21	0.22
	20.75	**24.66**
Current		
Security deposits	9.64	4.34
Derivative asset	0.01	0.49
Balance with body corpoartes	10.63	172.83
Interest accrued on deposits	0.42	0.13
Others	4.34	6.77
	25.04	**184.56**

^ ₹3.97 crore (FY 2018-2019), ₹11.27 crore (FY 2017-2018), represents the deposits pledged for DSRA for secured borrowings (Refer note 15)

9. Other assets

Particulars	31st March, 2019	31st March, 2018
Non-Current		
Capital advances	22.39	35.48
Balance with statutory/government authorities	51.44	50.91
Prepaid expenses	1.16	1.50
Others	0.49	0.49
	75.48	**88.38**
Current		
Balance with statutory/government authorities	92.12	76.20
Prepaid expenses	6.99	6.79
Advance to vendors	95.46	121.98
Less: Allowances for doubtful advances	(13.04)	(16.12)
Others	40.34	48.26
Less: Allowances for doubtful advances	(30.94)	(22.63)
	190.93	**214.48**

10. Inventories

Particulars	31st March, 2019	31st March, 2018
Raw materials	97.37	96.91
Work-in-progress	57.40	62.86
Finished goods	103.85	173.71
Stores and spare parts	102.57	124.53
	361.19	**458.01**
Included above, goods-in-transit:		
Raw materials	8.24	14.33
Finished goods	11.61	11.37
Stores and spare parts	5.42	8.90
	25.27	**34.60**

The Group has made provision of ₹3.48 Crore (31st March, 2018: ₹1.60 Crore) for writing down the value of inventories towards slow moving, non-moving and obsolete inventories.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

11. Trade receivables

Particulars	31st March, 2019	31st March, 2018
Current		
Trade Receivables		
(a) Secured, considered good	189.38	237.22
(b) Unsecured, considered good	397.40	335.70
(c) Credit impaired	170.82	172.25
	757.60	**745.17**
Allowance for credit losses	(170.82)	(172.25)
	586.78	**572.92**

12. Cash and cash equivalents

Particulars	31st March, 2019	31st March, 2018
Cash and cash equivalents		
Cash on hand	0.05	0.15
Cheques on hand	6.49	19.14
Balances with bank		
On Current accounts	12.02	21.28
On Cash Credit Accounts	-	29.61
Others		
Deposit with original maturity less than three months	0.01	6.00
In post office saving bank account	-	0.00*
	18.57	**76.18**

13. Other bank balances

Particulars	31st March, 2019	31st March, 2018
Deposit with original maturity for more than three months but less than twelve months	27.79	31.14
On unpaid dividend accounts	0.15	0.32
	27.94	**31.46**

(a) Deposits more than three months includes:-	31st March, 2019	31st March, 2018
- Deposits pledged with the sales tax authorities	0.06	0.06
- Held as lien by bank against bank guarantees	17.53	2.02

(b) Deposits more than three months includes Nil (31st March, 2018: ₹23.71 crore) placed as fixed deposits in an escrow account.

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

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

14. Equity share capital and other equity

14 (a). Equity share capital

Authorised equity share capital

Particulars	31st March, 2019	31st March, 2018
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 equity share capital

Particulars	31st March, 2019	31st March, 2018
14,25,90,079 Equity Shares of ₹10 each fully paid up	142.59	137.34
(31st March, 2018: 13,73,40,079 Equity Shares of ₹10 each fully paid up)		

(i) Movement in equity share capital

Particulars	31st March, 2019	31st March, 2018
Opening balance	137.34	117.27
Conversion of optionally convertible preference shares (A)	-	7.50
Issued during the year (B)	-	12.57
Conversion of convertible warrants (C)	5.25	-
Closing balance	**142.59**	**137.34**

A. During the previous year, the Parent allotted 75,00,000 Equity Shares of face value ₹10 each to IndusInd Bank by conversion of the existing 7,50,000 Optionally Convertible Preference Shares of ₹100 each at the stipulated price of ₹120 per Equity Share on account of conversion option exercised by IndusInd Bank.

B. During the previous year, the Parent allotted 12,571,429 Equity Shares of face value ₹10 each to a promoter group entity at the stipulated price of ₹175 per Equity Share.

C. During the year, the Parent allotted 52,50,000 Equity Shares of face value ₹10 each on preferential basis to a promoter group entity by conversion of the existing 52,50,000 convertible warrants of ₹10 each issued at a premium of ₹165 each , on account of conversion option exercised by the promoter group entity.

Terms and rights attached to 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.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(ii) Details of shareholders holding more than 5% shares in the Group

Particulars	31st March, 2019		31st March, 2018	
	Number of shares	% holding	Number of shares	% holding
Pilani Investments and Industries Corporation Limited	27,338,750	19.17%	27,338,750	19.91%
Manav Investment & Trading Co. Ltd	33,959,679	23.82%	28,709,679	20.90%
	61,298,429	**42.99%**	**56,048,429**	**40.81%**

14 (b). Other Equity

Particulars	31st March, 2019	31st March, 2018
Share warrants #	-	82.69
Securities Premium	801.27	714.64
Capital reserve		
(a) Development grant/subsidy	0.40	0.40
(b) Amalgamation reserve	2.91	2.91
(c) Capital reserve arising on business combination	41.51	41.51
Capital redemption reserve	3.59	3.59
General reserve	224.00	224.00
Fair value through other comprehensive income (FVOCI)- equity instruments	56.28	(24.72)
Others	7.31	7.31
Retained earnings	(1,167.60)	(662.23)
Total Reserves and Surplus	**(30.33)**	**390.10**

During the previous year, the holding Company issued and allotted 52,50,000 share warrants at a price of ₹175/- (face value: ₹10 and premium: ₹165) per warrant to a promoter group entity on preferential basis under section 42 and 62(1)(c) of the Companies Act, 2013 and other relevant SEBI ICDR Regulations. The Company has received 90% of the subscription amount against the said warrants totalling ₹82.69 crores. These warrants are convertible within a period of 18 (Eighteen) months from date of allotment of the warrants, subject to payment of the balance 10% of the issue price. The remaining amount was received and the warrants have been converted on 6th April, 2018.

(i) Securities Premium

Particulars	31st March, 2019	31st March, 2018
Opening balance	714.64	424.72
Increase/(decrease) during the year	86.63	289.92
Closing balance	**801.27**	**714.64**

(ii) Capital reserve

(a) Development grant/subsidy

Particulars	31st March, 2019	31st March, 2018
Opening balance	0.40	0.40
Increase/(decrease) during the year	-	-
Closing balance	**0.40**	**0.40**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(b) Amalgamation reserve

Particulars	31st March, 2019	31st March, 2018
Opening balance	2.91	2.91
Increase/(decrease) during the year	-	-
Closing balance	**2.91**	**2.91**

(c) Capital reserve arising on business combination

Particulars	31st March, 2019	31st March, 2018
Opening balance	41.51	41.51
Increase/(decrease) during the year	-	-
Closing balance	**41.51**	**41.51**

(iii) Capital redemption reserve

Particulars	31st March, 2019	31st March, 2018
Opening balance	3.59	3.59
Increase/(decrease) during the year	-	-
Closing balance	**3.59**	**3.59**

(iv) General reserve

Particulars	31st March, 2019	31st March, 2018
Opening balance	224.00	224.00
Increase/(decrease) during the year	-	-
Closing balance	**224.00**	**224.00**

(v) Fair value through other comprehensive income (FVOCI)- equity instruments

Particulars	31st March, 2019	31st March, 2018
Opening balance	(24.72)	54.08
Change in fair value of FVOCI equity instruments	(60.51)	(76.18)
Deferred tax	-	(2.00)
Transfer in equity	141.51	(0.62)
Closing balance	**56.28**	**(24.72)**

(vi) Other reserves

Particulars	31st March, 2019	31st March, 2018
Opening balance	7.31	7.31
Increase/(decrease) during the year	-	-
Closing balance	**7.31**	**7.31**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(vii) Retained earning

Particulars	31st March, 2019	31st March, 2018
Opening balance	(662.23)	(78.13)
Net profit/(loss) for the year	(363.32)	(577.56)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurement of post-employment benefit obligation, net of tax	(0.54)	(7.16)
- Transfer in equity	(141.51)	0.62
Closing balance	**(1,167.60)**	**(662.23)**

Nature and purpose of other reserves

(i) Securities premium

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

(ii) Capital reserve

(a) Certain grants of capital nature had been credited to Capital Reserve.

b) The Group has recognised profit on account of amalgamation in capital reserve.

(c) Capital reserve arising on business combination being gain on bargain purchase recognised directly in capital reserve.

(iii) Capital redemption reserve

Capital redemption reserve was created on account of reinstatement of certain investments and spares at cost.

(iv) General reserve

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn.

(v) Fair value through other comprehensive income (FVOCI)- equity instruments

The cumulative gains and losses arising on fair value changes of equity investments measured at fair value through other comprehensive income are recognised in FVOCI - equity instruments reserve. The balance of the reserve represents such changes recognised net of amounts reclassified to retained earnings on disposal of such investments.

(vi) Other reserves

Others primarily include:

(a) Amounts appropriated out of profit or loss for doubtful debts and contingencies.

(b) Share buyback reserve has been created as per the Companies Act, 1956.

(c) Reserve which has arisen on forfeiture of shares.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Financial Liabilities

15. Borrowings (measured at amortised cost)

Particulars	31st March, 2019	31st March, 2018
Non-Current		
(a) Secured		
Term Loans:		
From Bank		
Indian rupee loan [Refer Note (a) below]	2,036.38	2,611.28
From others		
Indian rupee loan [Refer Note (b) below]	291.60	182.35
(b) Unsecured		
From Bank		
Indian rupee loan [Refer Note (c) below]	-	52.02
	2,327.98	**2,845.65**
Less: Current maturities of long term borrowings (Refer Note 16)	(196.43)	(118.75)
Add: Interest accrued on long term borrowings	11.85	12.03
	2,143.40	**2,738.93**
Current		
(a) Secured:		
Working Capital Loan		
From Bank [Refer note (d) below]		
Indian rupee loan	81.18	120.77
Overdraft / Cash Credit	635.64	220.70
Working capital demand loan	68.79	568.31
Packing credit loan	-	30.05
Foreign currency loan	-	53.27
(b) Unsecured:		
Term Loan		
From Bank		
Indian rupee loan	32.00	109.25
Packing credit loan	-	25.00
Foreign currency loan	-	85.54
From others		
Inter corporate deposit	3.00	-
Director	23.73	23.73
	844.34	**1,236.62**
Add: Interest accrued on short term borrowings	2.39	4.41
	846.73	**1,241.03**

Net debt reconciliation

This section sets out an analaysis of debt and the movements in net debt for the current period

Particulars	31 March 2019	31st March, 2018
Cash and cash equivalents	18.57	76.18
Non-current borrowings	(2,143.40)	(2,738.93)
Current borrowings	(846.73)	(1,241.03)
Total	**(2,971.56)**	**(3,903.78)**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars	Other assets Cash and cash equivalents	Liabilities from financing activities		Total
		Non-current borrowings	Current borrowings	
Net debt as at 1st April, 2018	**76.18**	**(2,738.93)**	**(1,241.03)**	**(3,903.78)**
Cash flows	(472.55)	530.38	814.41	872.24
Change in cash credit considered as cash and cash equivalent for statement of cash flows	414.94	-	(414.94)	-
Interest expenses	-	(262.60)	(249.76)	(512.36)
Interest paid	-	250.07	244.59	494.66
Changes in current maturities of long-term debt	-	77.68	-	77.68
Net debt as at 31st March, 2019	**18.57**	**(2,143.40)**	**(846.73)**	**(2,971.56)**

Particulars	Other assets Cash and cash equivalents	Liabilities from financing activities		Total
		Non-current borrowings	Current borrowings	
Net debt as at 1st April, 2017	**153.36**	**(2,137.23)**	**(1,071.72)**	**(3,055.59)**
Cash flows	(152.88)	(739.64)	(101.25)	(993.77)
Change in cash credit considered as cash and cash equivalent for statement of cash flows	75.70	-	(75.70)	-
Interest expenses	-	(311.98)	(109.29)	(421.27)
Interest paid	-	340.68	119.08	459.76
Changes in current maturities of long-term debt and interest accrued on them	-	19.12	-	19.12
TDS on interest accrued (not included in borrowings)	-	0.12	-	0.12
Non-cash movements:				
Optionally convertible redeemable preference shares converted to equity shares during the year	-	90.00	-	90.00
Foreign exchange adjustment	-	-	(2.15)	(2.15)
Net debt as at 31st March, 2018	**76.18**	**(2,738.93)**	**(1,241.03)**	**(3,903.78)**

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

Bank	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
Axis Bank Ltd.	1,200.54	1,258.92	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of subsidiary of the holding company, excluding, assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 6 month MCLR plus 2.50% p.a.
	1,200.54	1,258.92	Carried over	

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Bank	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
	1,200.54	1,258.92	Brought forward	
ICICI Bank Ltd.	198.83	198.53	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 @ ICICI Bank base rate plus 1.40% per annum with annual reset.
The South Indian Bank Ltd.	369.40	387.50	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of subsidiary of the holding company, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.75% p.a.
The Karur Vysya Bank Ltd.	92.35	96.87	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of subsidiary of the holding company, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.40% p.a.
The Lakshmi Vilas Bank Ltd.	92.35	96.87	First pari passu charge on all movable and immovable property, plant and equipment (both present and future) and second pari passu charge on all current assets of various units (excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ 1 Year MCLR plus 0.65% p.a.
	1,953.47	2,038.69	Carried over	

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Bank	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
	1,953.47	2,038.69	Brought forward	
IndusInd Bank Ltd	82.91	92.34	First pari passu charge on all movable and immovable property, plant and equipment (including Solapur Land).Second pari passu charge on all current assets of the Holding Company (excluding assets related to Corporate office, Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division).	Repayment in 16 equal quarterly instalments commencing from the 13th month from the date of disbursement. Interest is payable monthly @ 1year MCLR with annual reset.
IndusInd Bank Ltd	-	480.25	Second charge by way of hypothecation, upon all current assets of the company; present and future. Subservient charge, by way of hypothecation upon all movable property, plant and equipment of the company, present and future. First exclusive charge, by way of mortgage of land of 25.70 acres and building thereof located at Garden Reach Road, Metiaburz, Kolkata, West Bengal, held by M/s Kesoram Textile Mills Ltd.	20% of the loan amount to be repaid after 18 months from first disbursement; and balance 80% shall be repaid after 36 months of first disbursement. Interest rate is linked to 1 year MCLR (8.85% p.a. at the time of disbursement); interest is payable monthly.
	2,036.38	**2,611.28**		

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

Financial Institution	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
West Bengal Infrastructure Development Finance Corporation Ltd.	92.35	96.76	First pari passu charge on all movable and immovable property, plant and equipment (both present and future, including property, plant and equipment of subsidiary of the holding company, excluding assets related to Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division and 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 8 instalments of 2.50% each (d) next 8 instalments of 3.125% each (e) next 8 instalments of 3.75% each. Interest payable monthly @ Axis Bank 6 month MCLR plus 1% p.a.
	92.35	96.76	Carried over	

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Financial Institution	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
	92.35	96.76	Brought forward	
IIFL Wealth Finance Limited	-	85.59	Against pledge of specified securities (Equity shares).	Bullet repayment at the end of tenure (36 months). Interest rate is 9.95% p.a. (review at 12 months from date of disbursement) payable monthly.
West Bengal Infrastructure Development Finance Corporation Ltd.	49.82	-	First pari passu charge on all movable and immovable property, plant and equipment (including Solapur Land).Second pari passu charge on all current assets of the Holding company (excluding assets related to Corporate office, Hindustan Heavy Chemicals & Kesoram Spun Pipes & Foundries Division).	Repayment in 16 equal quarterly instalments starting from 30th June, 2019 . Interest payable monthly @ IndusInd Bank 1 year MCLR plus 1.25% p.a..
West Bengal Infrastructure Development Finance Corporation Ltd.	149.43	-	First pari-passu charge on all fixed assets of Cement and Tyre division of Holding Company excluding Hindustan Heavy Chemicals, Kesoram Spun Pipes and Foundries and divison and corporate assets and first pari-passu charge on fixed assets of teh Subsidiary . Second pari-passu charge on current asssets of Holding Company excluding assets relating to Hindustan Heavy Chemicals, Kesoram Spun Pipes and Foundries divison and Corporate assets.	By way of 16 equal quarterly installments after moratorium of 1 year.
	291.60	**182.35**		

(c) Repayment terms for unsecured indian rupee term loan from Financial institutions:

Financial Institution	31st March, 2019	31st March, 2018	Nature of Security	Repayment Terms
IIFL Wealth Finance Limited	-	52.02	Unsecured	Bullet repayment at the end of tenure (36 months). Interest rate is 10.25% p.a. (review at 12 months from date of disbursement) payable monthly.
	-	**52.02**		

(d) Repayment terms and nature of securities given for short term borrowings:

1. Secured by way of hypothecation, first pari passu charge on current assets of the Group and second charge on movable and immovable property, plant and equipment, of the Group. Pledge of 10% of promoter's shareholding i.e. 75,82,642 equity shares of the Parent in favour of the Holding Company's Working Capital Consortium.
2. Maximum amount of Commercial Paper outstanding at any point of time during the year was ₹Nil (31st March, 2018: ₹325 crores)
3. The cash credit and working capital demand loans are repayable on demand.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

16. Other financial liabilities

Particulars	31st March, 2019	31st March, 2018
Non-Current		
Security deposits	227.29	249.98
	227.29	**249.98**
Current		
Current maturities of long-term debt (Refer Note 15)	196.43	118.75
Capital creditors	23.17	18.02
Retention & Earnest deposits	16.28	17.89
Other payables	23.13	40.70
Security deposits	37.10	32.61
Unpaid dividends	0.15	0.32
Unpaid matured deposits and interest accrued thereon	0.05	0.05
	296.31	**228.34**

17. Provisions

Particulars	31st March, 2019	31st March, 2018
Non-Current		
(a) Provision for employee benefits		
Provision for leave encashment (unfunded)	22.03	22.44
(b) Others		
Decommissioning obligations	8.34	7.50
Warranties	4.59	4.24
Total non-current provisions	**34.96**	**34.18**
Current		
(a) Provision for employee benefits		
Provision for gratuity (Refer Note 25)	7.14	9.85
Net of advance ₹0.13 crore (31st March, 2018 ₹3.14 crore)		
Provision for leave encashment (unfunded)	5.96	4.82
Others	0.29	0.38
(b) Others		
Warranties	16.10	16.19
Provision for contingencies	81.99	100.09
Provision for disputed statutory dues	22.63	11.68
Total current provisions	**134.11**	**143.01**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(i) Movement in provisions

Movements in each class of provision during the financial year, are set out below:

Particulars	Warranties	Decommissioning obligation	Provision for contingencies	Provision for disputed statutory dues
As at 1st April, 2018	**20.43**	**7.50**	**100.09**	**11.68**
Charged/(credited) to profit or loss:				
Additional provision recognised	18.17	-	-	10.95
Unused amounts reversed	-	-	(4.22)	-
Amounts used during the year	(15.60)	-	(13.88)	-
Unwinding of Discount	(2.31)	0.84	-	-
As at 31st March, 2019	**20.69**	**8.34**	**81.99**	**22.63**

Movements in each class of provision during the previous year, are set out below:

Particulars	Warranties	Decommissioning obligation	Provision for contingencies	Provision for disputed statutory dues
As at 1st April, 2017	**16.01**	**6.75**	**30.00**	**11.68**
Charged/(credited) to profit or loss:				
Additional provision recognised	13.62	-	70.09	-
Unused amounts reversed	-	-	-	-
Amounts used during the year	(9.63)	-	-	-
Unwinding of discount	0.43	0.75	-	-
As at 31st March, 2018	**20.43**	**7.50**	**100.09**	**11.68**

18. Deferred tax liabilities

Particulars	31st March, 2019	31st March, 2018
Deferred Tax Liabilities		
Timing Difference - Property,plant and equipment	479.75	485.73
Timing Difference - Investments	15.55	15.27
Others	2.75	0.42
Gross Deferred Tax Liability	**498.05**	**501.42**
Deferred Tax Assets		
Unabsorbed depreciation	107.69	108.63
Capital losses	1.21	-
Business losses	119.48	122.00
Items allowable for tax purpose on payment	40.07	22.03
Provisions	97.13	130.92
Others	132.47	117.84
Gross Deferred Tax Asset	**498.05**	**501.42**
Net Deferred Tax Liability	**-**	**-**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

19. Other liabilities

Particulars	31st March, 2019	31st March, 2018
Non-current		
Advance received from Employees	1.37	1.64
	1.37	**1.64**
Current		
Deferred revenue	19.78	17.49
Advance from customers	24.08	45.02
Statutory dues	222.75	107.41
Other payables	12.09	5.72
	278.70	**175.64**

20. Trade payables

Particulars	31st March, 2019	31st March, 2018
Current		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 34)	8.40	2.40
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(i) Acceptances	179.75	153.05
(ii) Others	645.41	550.70
(c) Employee benefits payable	39.55	16.90
	873.11	**723.05**

21. Revenue from operations

Particulars	2018-2019	2017-2018
Revenue from contracts with customers #		
Sale of Products	4,184.64	3,985.14
Other operating revenue	17.38	10.67
	4,202.02	**3,995.81**

Goods and Services Tax (GST) has been implemented with effect from 1st July, 2017. Consequently, Central Excise, Value Added Tax (VAT),Service Tax etc. have been replaced by GST. GST, VAT,Service Tax etc. are not included in Revenue from Operations. However, excise duty was included in Revenue from Operations till 30th June, 2017. Hence, reported revenues for the period up to 30th June, 2017 are not comparable with those thereafter.

The entire revenue is being recorded at a point in time.

A. Revenue from contracts with customers disaggregated on the basis of geographical region and product lines is presented below:

Year ended 31st March, 2019

Particulars	India	Outside India	Total
Tyre	1,155.80	142.30	1,298.10
Cement	2,580.52	-	2,580.52
Rayon, TP and chemicals	309.82	13.54	323.36
Others	0.04	-	0.04
	4,046.18	**155.84**	**4,202.02**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Year ended 31st March, 2018

Particulars	India	Outside India	Total
Tyre	1,287.95	165.09	1,453.04
Cement	2,251.23	-	2,251.23
Rayon, TP and chemicals	283.39	7.85	291.24
Others	0.30	-	0.30
	3,822.87	**172.94**	**3,995.81**

B. The Group has recognised the following revenue-related contract liabilities and receivables from contract with customers:

Particulars	2018-2019	2017-2018
Contract liabilities – Deferred revenue	19.78	17.49
Contract liabilities - Advance from customers	24.08	45.02
	43.86	**62.51**

Particulars	2018-2019	2017-2018
Trade Receivables - Gross	757.60	745.17
Less: Allowance for doubtful debt	(170.82)	(172.25)
	586.78	**572.92**

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were not satisfied in prior years.

Particulars	2018-2019	2017-2018
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
Contract liabilities – Deferred revenue	12.01	18.96
Contract liabilities - Advance from customers	44.34	22.77
	56.35	**41.73**

22. Other Income

Particulars	2018-2019	2017-2018
Interest income:		
On financial instruments measured at amortised cost	35.15	3.43
On income tax refund	16.92	2.00
On others	-	129.86
Liabilities no longer required written back	16.74	17.44
Insurance claims	1.20	0.27
Dividend income	0.05	0.07
Miscellaneous income	18.34	6.42
	88.40	**159.49**

During the previous year, interest income On others represents interest and penalty charged on a vendor for non-fulfillment of contract for a period from inception to 31st March, 2018.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

23. Cost of Materials Consumed

Particulars	2018-2019	2017-2018
Raw Material Consumed		
Opening inventory	96.91	90.74
Add : Purchases	1,037.75	1,033.52
Less : Inventory at the end of the year	97.37	96.91
Add: Lime stone raising cost	130.92	118.25
	1,168.21	**1,145.60**

Particulars	2018-2019	2017-2018
(a) Limestone raising cost include:		
Salaries, Wages, Bonus etc.	11.01	11.16
Contribution to Provident and other Funds	0.76	0.91
Contribution to Gratuity Fund (refer note 25)	0.36	0.48
Workmen and Staff welfare	0.44	0.39
Dead Rent, Royalty etc.	77.18	63.32
Power and Fuel	6.61	5.24
Stores and spares parts consumed	20.36	15.96
Machinery repairs	4.61	4.23
Other repairs	0.18	0.26
Rates and taxes	0.30	0.19
Insurance	0.03	0.07
Contractors-Transport	7.99	7.93
Miscellaneous	1.09	8.11
	130.92	**118.25**

24. Changes in inventories of finished goods, work-in-progress and stock in trade

Particulars	2018-2019	2017-2018
Inventories at the beginning of the year		
- Work - in - progress	62.86	65.21
- Finished Goods	173.71	197.75
- Stock in trade	-	0.12
Less: Inventories at the end of the year		
- Work - in - progress	57.40	62.86
- Finished Goods	103.85	173.71
- Stock in trade	-	-
Less: Transferred to Capital Jobs	0.15	0.31
	75.17	**26.20**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

25. Employee benefits expense

Particulars	2018-2019	2017-2018
Salaries, wages and bonus **	306.25	360.22
Contribution to provident fund	24.47	26.27
Contribution to superannuation fund	0.10	0.15
Contribution to labour welfare fund	0.15	0.08
Gratuity	6.38	5.35
Contribution under Employees State Insurance Scheme	1.39	1.90
Staff welfare expenses	16.82	17.30
Total employee benefits expense	**355.56**	**411.27**

** During the year, the Parent received a grant from third party amounting to ₹31.75 crore (2017-2018: Nil). The grant has been netted off with related cost for which it has been received

During the year, the Group recognised an amount of ₹13.04 crore (2017-2018: ₹10.79 crores) as remuneration to key managerial personnel. The details of such remuneration is as below:

Particulars	2018-2019	2017-2018
Short term employee benefits	12.79	10.65
Post employment benefits	0.25	0.14
Total employee benefits expense	**13.04**	**10.79**

(i) Compensated absences

The leave obligations cover the Group's liability for sick and earned leave.

(ii) Defined benefit plan

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.

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 Group has an obligation to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered rates are determined annually predominantly considering the social rather than economic factors and in most cases the actual return earned by the Group has been higher in the past years. The actuary has provided a valuation for provident fund liabilities on the basis of guidance issued by Actuarial Society of India and based on the below provided assumptions, there is no shortfall as at 31st March, 2019 and 31st March, 2018 respectively.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

The Group also pays provident fund contributions to publically administered local fund as per the local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

The details of fund and plan asset position are given below:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
as at 31st March, 2019	230.32	303.21	72.89
as at 31st March, 2018	221.32	287.85	66.53

The plan assets have been primarily invested in government securities and bonds. Assumptions used in determining the present value obligation of the interest rate guarantee under the Deterministic Approach:

Particulars	31st March, 2019	31st March, 2018
Discount Rate (per annum)	8.65%	8.55%
Expected Rate of Return on Plan Assets (per annum)	8.83%	9.13%

The Group contributed ₹17.74 crore and ₹21.62 crore during the year ended 31st March,2019 and 31st March, 2018 respectively to the fund.

The Group contributed ₹6.73 crore and ₹4.65 crore during the year ended 31st March,2019 and 31st March, 2018 respectively to Government Fund.

(iii) Defined contribution plan

Superannuation Fund: The Group has defined contribution superannuation plan for the benefit of its eligible employees. Employees who are members of the defined contribution superannuation plan are entitled to benefits depending on the years of service and salary drawn.

Separate irrevocable trust is maintained for employees covered and entitled to benefits. The Group contributes 15% of the eligible employees' salary or ₹1 lakh, whichever is lower, in case of NPS participating employees to the trust and 15% of the basic salary in case of Non NPS participating eligible employees to the administered Government Fund every year. Such contributions are recognised as an expense as and when incurred. The Group does not have any further obligation beyond this contribution.

The Group contributed ₹0.10 crore and ₹0.15 Crore during the year ended 31st March, 2019 and 31st March, 2018 respectively.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(iv) Balance sheet recognition

a) Gratuity

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2018	**100.85**	**87.86**	**12.99**
Current service cost	6.12	-	6.12
Interest expense/(income)	7.21	(6.59)	0.62
Total amount recognised in profit or loss	**13.33**	**(6.59)**	**6.74**
Remeasurement			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.46)	0.46
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	1.88	-	1.88
Actuarial (gain)/loss from unexpected experience	(1.80)	0.00	(1.80)
Total amount recognised in other comprehensive income	**0.08**	**(0.46)**	**0.54**
Employer contributions/ premium paid	-	13.00	(13.00)
Benefit payments	9.09	9.09	-
Settlement Cost	-	-	-
Acquisition adjustment	-	-	-
31st March, 2019	**105.17**	**97.90**	**7.27**

Particulars	Present value of obligation	Fair value of plan assets	Net amount
1st April, 2017	**100.03**	**92.74**	**7.29**
Current service cost	6.03	-	6.03
Interest expense/(income)	7.05	(7.25)	(0.20)
Total amount recognised in profit or loss	**13.08**	**(7.25)**	**5.83**
Remeasurement	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.75)	0.75
Actuarial (gain)/loss from change in demographic assumptions	-	-	-
Actuarial (gain)/loss from change in financial assumptions	(1.90)	-	(1.90)
Actuarial (gain)/loss from unexpected experience	8.31	-	8.31
Total amount recognised in other comprehensive income	**6.41**	**(0.75)**	**7.16**
Employer contributions/ premium paid	-	7.35	(7.35)
Benefit payments	19.40	19.40	-
Settlement Cost	-	-	-
Acquisition adjustment	0.73	0.67	0.06
31st March, 2018	**100.85**	**87.86**	**12.99**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(v) Significant estimates: actuarial assumptions

The significant actuarial assumptions were as follows:

Particulars	31st March, 2019	31st March, 2018
Discount rate	7.50%	7.75%
Salary growth rate	5.00%	5.00%
Attrition rate	1.00%	1.00%
Mortality rate	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE

(vi) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Impact on defined benefit obligation			
	31st March, 2019		31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (-/+ 0.5%)	101.10	108.99	97.08	104.85
% change compared to base due to sensitivity	-3.64%	3.87%	-3.73%	3.98%
Salary growth rate (-/+ 0.5%)	109.05	101.03	104.92	96.99
% change compared to base due to sensitivity	3.93%	-3.72%	4.04%	-3.82%
Attrition rate (-/+ 0.5%)	105.05	104.81	100.97	100.79
% change compared to base due to sensitivity	0.12%	-0.12%	0.12%	-0.12%
Life expectancy/ mortality rate (-/+ 10%)	105.50	104.36	101.41	100.29
% change compared to base due to sensitivity	0.54%	-0.54%	0.56%	-0.20%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

(vii) The major categories of plan assets

In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(viii) Risk exposure

Through its defined benefit plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk:

The defined benefit plans are funded with insurance companies of India. The Group does not have any liberty to manage the funds provided to insurance companies. The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the Government of India bonds. If the return on plan asset is below this rate, it will create a plan deficit.

Interest risk:

A decrease in the interest rate on plan assets will increase the plan liability.

Life expectancy:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Salary growth risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

(ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefits plans for the year ending 31st March, 2019 is ₹13.27 crore.

The weighted average duration of the defined benefit obligation is 12 years (31st March, 2018 – 13 years).

26. Depreciation and amortisation expense

Particulars	2018-2019	2017-2018
Depreciation on tangible assets	152.88	145.67
Amortisation of intangible assets	0.27	0.43
	153.15	**146.10**

27. Finance cost

Particulars	2018-2019	2017-2018
Interest expenses	493.11	441.91
Other borrowing costs	18.83	2.67
Applicable net gain/loss on foreign currency transactions and translation	1.35	0.03
	513.29	**444.61**
Less: Interest capitalised	(0.93)	(1.56)
	512.36	**443.05**

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowing during the year, in this case is 10.50% (31st March, 2018: 10.50%)

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

28. Other expenses

Particulars	2018-2019	2017-2018
Consumption of stores and spare parts	76.34	70.63
Power and fuel [refer Note (a) below]	813.83	727.98
Rent	24.52	24.56
Repairs and Maintenance [refer Note (b) below]		
Building	8.95	8.20
Plant and Machinery	58.89	55.34
Others	5.08	7.50
Insurance	10.08	8.02
Rates and Taxes	8.11	12.15
Job working charges	9.33	15.52
Brokerage and Discounts	25.70	21.23
Packing, Carriage and Shipping [refer Note (c) below]	985.57	845.54
Commission to selling agents	29.70	28.84
Sales Promotion	39.28	55.12
Directors' Fees	0.66	0.66
Debts/ Advances/ Deposits written off	2.32	1.37
Legal & Professional Expenses	59.61	95.60
Provision for doubtful debts	4.95	(5.07)
Provision for doubtful advances	9.32	34.51
Loss on property, plant and equipment sold/ discarded (net)	4.01	4.46
Payments to the auditor [refer Note (d) below]	4.04	3.98
Guarantee commission	0.80	12.86
Provision for contingencies	-	18.41
Loss On Claim - Warranty	18.17	24.34
Excise duty [refer Note (e) below]	-	(2.93)
Foreign currency translation loss (net)	9.15	(4.27)
Miscellaneous expenses [refer Note (f) below]	103.68	154.17
	2,312.09	**2,218.72**
(a) Power and Fuel includes consumption of stores and spares	668.74	579.13
(b) Repair and Maintenance includes:		
(i) Consumption of stores and spares parts	5.56	4.72
(ii) Salaries and wages	32.55	32.92
(c) Packing, carriage and shipping includes:		
(i) Consumption of stores and spares parts	61.61	52.59
(ii) Salaries and Wages	11.86	10.13
(d) Details of auditors' remuneration and out-of-pocket expenses are as below:		
Audit Fees (including Limited Reviews)	2.81	2.73
Tax Audit Fees	0.62	0.62
Fees for issuing various certificates	0.53	0.61
Reimbursement of Expenses	0.08	0.02
	4.04	**3.98**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars	2018-2019	2017-2018
(e) Represents excise duty related to the difference between the closing stock as at 30th June, 2017 and opening stock of finished goods.		
(f) Miscellaneous expenses include		
(i) Consumption of stores and spares parts	1.90	3.40
(ii) Payment to cost auditor	0.07	0.09

29. Exceptional items

Particulars	2018-2019	2017-2018
Disputed indirect taxes	-	(41.36)
Voluntary retirement scheme	-	(34.57)
	-	**(75.93)**

Exceptional Item during the previous year relates to disputed indirect taxes against which a provision has been made pursuant to a court order on similar matter and based upon an opinion obtained from a counsel amounting to ₹41.36 crores. It also includes ₹34.57 crores relating to Voluntary Retirement Scheme floated by the Group.

30. Income tax expense

This note provides an analysis of the Group's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

(a) Income tax expense

Particulars	31st March, 2019	31st March, 2018
Current tax		
Current tax on profits for the year	-	-
Total current tax expense	**-**	**-**
Deferred tax		
Decrease / (increase) in deferred tax assets	3.36	(4.53)
(Decrease) / increase in deferred tax liabilities	(3.36)	2.53
Total deferred tax expense/(benefit)	**-**	**(2.00)**
Income tax expense	**-**	**(2.00)**

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

Particulars	31st March, 2019	31st March, 2018
Profit before tax	(375.27)	(579.56)
Tax at the rate of 34.944% (2017-2018 – 34.608%)	**(131.13)**	**(200.58)**
Deferred tax asset not recognised	126.21	203.14
Exempt income	(0.13)	(0.02)
Deductions claimed in tax	(2.15)	-
Weighted deductions available in tax	0.00*	(0.88)
Permanent differences	0.23	0.77
Others (including difference in tax rates)	6.97	(4.43)
Total income tax expense/(credit)	**-**	**(2.00)**

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

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(c) Tax losses

Particulars	31st March, 2019	31st March, 2018
Unused tax losses for which no deferred tax has been recognised:		
Tax losses		
Business loss	1,248.24	887.49
- Capital loss: Short term	252.93	-
- Capital loss: Long term	4.37	-
Unabsorbed tax depreciation	969.41	962.97
Potential tax benefit @ 34.944% on Business loss (FY 2017-2018 @ 34.944%)	774.93	646.62
Potential tax benefit @ 34.944% on Capital loss short term (FY 2017-2018 @ 34.944%)	39.73	-
Potential tax benefit @ 17.472% on Capital loss short term (FY 2017-2018 @17.472%)	24.33	-
Potential tax benefit @ 11.648% on Capital loss long term (FY 2017-2018 @ NIL)	0.50	-
Minimum alternate tax (MAT) credit entitlement	38.29	38.29
Total	**877.78**	**684.91**

(a) Unabsorbed depreciation does not have any expiry period.

(b) Business losses / Capital losses have an expiry ranging from 1 to 8 years as at the reporting date.

(c) MAT credit entitlement has an expiry period of 6 to 13 years as at the reporting date.

(d) Short term capital loss of ₹113.70 crores included in ₹252.93 crores has arisen due to change in tax position and subsequent filing of revised return of parent company's for FY 2016-2017. Rest represents current year losses of subsidiary.

31. Earnings per share

Particulars		2018-2019	2017-2018
(i) Basic			
Number of equity shares at the beginning of the year		13,73,40,079	11,72,68,650
Number of equity shares at the end of the year		14,25,90,079	13,73,40,079
Weighted average number of equity shares outstanding during the year	(A)	14,25,18,161	12,30,77,652
Nominal value of each equity share (₹)		10	10
Profit / (Loss) for the year (₹ in crore)	(B)	(363.32)	(577.56)
Earnings per share (Basic) (₹)	(B/A)	(25.49)	(46.93)
(ii) Diluted			
Weighted average number of equity shares outstanding during the year (refer note (a) below)		14,25,90,079	12,49,63,953
Earnings per share (Diluted) (₹)		(25.49)	(46.93)

(a) In 2017-2018 52,50,000 share warrants has been considered for calculation of diluted Earnings per share.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

32. Contingent liabilities

Particulars	31st March, 2019	31st March, 2018
(a) Guarantees given -		
(i) to excise authorities	0.06	0.06
(ii) by Banks on behalf of subsidiary and others	5.40	5.40
(b) Claims against the Group not acknowledged as debts :		
(i) Rates, Taxes, Duties etc. demanded by various Authorities	428.05	480.72
(ii) Others	-	1.25
(c) Income Tax matters	15.05	14.55
	448.56	**501.98**

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the ground that there are fair chances of successful outcome of appeals.

The figures does not include interest where ever applicable.

33. Capital and other commitments

Particulars	31st March, 2019	31st March, 2018
(a) Capital Commitments		
Estimated value of contracts in capital account remaining to be executed [net of advances ₹16.96 crore (31st March, 2018: ₹14.72 crore)]	50.33	62.39
(b) Other Commitments		
(i) Export Commitments against purchase of imported Capital Goods under the Export Promotion Capital Goods Scheme, of the Government of India.	-	4.31
(ii) Export Commitments against import under Advance License Scheme, of the Government of India.	-	61.27
	50.33	**127.97**

34. The Group 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:

Particulars	31st March, 2019	31st March, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	8.22	2.40
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.18	-
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 Group.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

35. Non-cancellable operating leases

The Group leases various offices under non-cancellable operating leases expiring within two to eight years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Particulars	31st March, 2019	31st March, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	0.77	1.84
Later than one year but not later than five years	-	0.77
Later than five years	-	-
	0.77	**2.61**

Rental expense relating to operating leases

Particulars	2018-2019	2017-2018
Minimum lease payments	1.84	1.95
Total rental expense relating to operating leases	1.84	1.95

36. Capital management

(a) Risk management

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity shareholders of the Group which comprises issued share capital (including premium) and accumulated reserves disclosed in the Statement of Changes in Equity.

The Group's capital management objective is to achieve an optimal weighted average cost of capital while continuing to safeguard the Group's ability to meet its liquidity requirements (including its commitments in respect of capital expenditure) and repay loans as they fall due.

37. Fair value measurements

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Financial instruments by category

Particulars	31st March, 2019			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial assets					
Cash and cash equivalents	-	-	18.57	18.57	18.57
Other bank balances	-	-	27.94	27.94	27.94
Trade receivables	-	-	586.78	586.78	586.78
Derivative asset	0.01	-	-	0.01	0.01
Loans	-	-	10.78	10.78	10.78
Investments	-	81.59	0.01	81.60	81.60
Other financial assets	-	-	45.78	45.78	45.78
Total financial assets	**0.01**	**81.59**	**689.86**	**771.46**	**771.46**

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Financial instruments by category

Particulars	31st March, 2019			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial liabilities					
Borrowings	-	-	2,990.13	2,990.13	2,990.13
Trade and other payables	-	-	873.11	873.11	873.11
Other financial liabilities	-	-	523.60	523.60	523.60
Total financial liabilities	**-**	**-**	**4,386.84**	**4,386.84**	**4,386.84**

Particulars	31st March, 2018			Total Carrying Value	Total Fair Value
	FVPL	FVOCI	Amortised cost		
Financial assets					
Cash and cash equivalents	-	-	76.18	76.18	76.18
Other bank balances	-	-	31.46	31.46	31.46
Trade receivables	-	-	572.92	572.92	572.92
Derivative asset	0.49	-	-	0.49	0.49
Loans	-	-	6.38	6.38	6.38
Investments	1.87	718.14	0.01	720.02	720.02
Other financial assets	-	-	208.73	208.73	208.73
Total financial assets	**2.36**	**718.14**	**895.68**	**1,616.18**	**1,616.18**
Financial liabilities					
Borrowings	-	-	3,979.96	3,979.96	3,979.96
Trade and other payables	-	-	723.05	723.05	723.05
Other financial liabilities	-	-	478.32	478.32	478.32
Total financial liabilities	**-**	**-**	**5,181.33**	**5,181.33**	**5,181.33**

(i) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes Group's over-the-counter (OTC) derivative contracts.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level of hierarchy includes Group's investment in equity shares which are unquoted or for which quoted prices are not available at the reporting dates.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Particulars	31st March, 2019			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Investments	4.52	-	77.08	81.60
Derivative financial asset	-	0.01	-	0.01
	4.52	**0.01**	**77.08**	**81.61**

Particulars	31st March, 2018			Total
	Level 1	Level 2	Level 3	
Financial assets:				
Investments	642.51	-	77.51	720.02
Derivative financial asset	-	0.49	-	0.49
	642.51	**0.49**	**77.51**	**720.51**

(ii) Valuation technique used to determine fair value

(a) Derivatives are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(b) Investments carried at fair value are generally based on market price quotations. However in cases where quoted prices are not available the management has involved valuation experts to determine the fair value of the investments. Different valuation techniques have been used by the valuers for different investments. These investments in equity instruments are not held for trading. Instead, they are held for long term strategic purpose. The Group has chosen to designate this investments in equity instruments at FVOCI since, it provides a more meaningful presentation. Cost of certain investments in equity instruments have been considered as an appropriate estimate of fair value because of a wide range of possible fair value measuements and cost represents the best estimate of fair value within that range.

(c) Fair value of borrowings is estimated by discounting expected future cash flows. The carrying amounts of other borrowings with floating rate of interest are considered to be close to the fair value.

(d) The carrying amounts of remaining financial assets and liabilities are considered to be the same as their fair values.

(e) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

38. Financial risk management

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(A) Credit risk

The Group takes on exposure to credit risk, which is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Maximum exposure to credit risk of the Group has been listed below:

Particulars	31st March, 2019	31st March, 2018
Trade receivables	586.78	572.92
Loan	10.78	6.38
Other financial assets	45.79	209.22
Total	**643.35**	**788.52**

Other receivables as stated above are due from the parties under normal course of the business and as such the Group believes exposure to credit risk to be minimal.

i) Trade and other receivables

Customer credit risk is managed by the Group through established policy and procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying upto 90 days credit terms. The Group has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation. Trade receivables are consisting of a large number of customers. Where credit risk is high, domestic trade receivables are backed by security deposits. Export receivables are backed by letters of credit.

In determining the allowances for credit losses of trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

The Group's exposure to customers is diversified and there is no significant credit exposure on account of any single customer as at 31st March, 2019 and 31st March, 2018.

The Group is making provisions on trade receivables based on Expected Credit Loss (ECL) model. The reconciliation of ECL is as follows:

Particulars	31st March, 2019	31st March, 2018
Opening balance	**172.25**	**177.32**
Acquired in business combination	-	-
Charge/(Release) to statement of profit and loss	4.95	(5.07)
Utilised during the year	(6.38)	-
Closing balance	**170.82**	**172.25**

(B) Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group has obtained fund and non-fund based working capital lines from various banks. Furthermore, the Group has access to funds from debt markets through commercial paper programs, non-convertible debentures and other debt instruments. The Group invests its surplus funds in bank fixed deposit and in mutual funds, which carry no or low market risk.

(i) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities 31st March, 2019	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	1,285.66	927.03	819.83	1,416.06	**4,448.58**
Other financial liabilities	99.88	-	-	227.29	**327.17**
Trade payables	873.11	-	-	-	**873.11**
Total non-derivative financial liabilities	**2,258.65**	**927.03**	**819.83**	**1,643.35**	**5,648.86**

Contractual maturities of financial liabilities 31st March, 2018	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	1,669.13	1,446.75	756.20	1,747.12	**5,619.20**
Other financial liabilities	109.59	-	-	249.98	**359.57**
Trade payables	723.05	-	-	-	**723.05**
Total non-derivative financial liabilities	**2,501.77**	**1,446.75**	**756.20**	**1,997.10**	**6,701.82**

(C) Market risk

(i) Foreign currency risk

The Group deals with foreign currency loan, trade payables, etc and is therefore exposed to foreign exchange risk associated with exchange rate movement.

The Group operates internationally and portion of the business is transacted in several currencies and consequently the Group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Foreign currency exchange rate exposure is partly balanced by purchasing of goods, commodities and services in the respective currencies.

Foreign currency risk exposure

The Group's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:-

As at 31st March, 2019

	USD (in millions)		EUR (in millions)		GBP (in millions)		JPY (in millions)	
	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency
Financial assets								
Trade receivables	25.99	179.73	-	-	-	-	-	-
Financial liabilities								
Trade payables	2.88	19.88	0.51	4.09	0.00*	0.01	0.05	0.00*
Borrowings	-	-	-	-	-	-	-	-
Net exposure to foreign currency risk	**23.11**	**159.85**	**(0.51)**	**(4.09)**	**(0.00)***	**(0.01)**	**(0.05)**	**(0.00)***

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

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

As at 31st March, 2018

	USD (in millions)		EUR (in millions)		GBP (in millions)		JPY (in millions)	
	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency	Amount in foreign currency	Amount in local currency
Financial assets								
Trade receivables	26.65	173.68	-	-	-	-	-	-
Financial liabilities								
Trade payables	2.65	17.26	0.33	2.67	-	-	5.40	0.33
Borrowings	21.62	140.93	1.37	11.01	-	-	-	-
Net exposure to foreign currency risk	**2.38**	**15.49**	**(1.70)**	**(13.68)**	**-**	**-**	**(5.40)**	**(0.33)**

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

Particulars	Impact on profit before tax	
	31st March, 2019	31st March, 2018
USD sensitivity		
INR/USD appreciates by 5% (31st March, 2018 - 5%) @	(7.99)	(0.77)
INR/USD depreciates by 5% (31st March, 2018 - 5%) @	7.99	0.77
EUR sensitivity		
INR/EUR appreciates by 5% (31st March, 2018 - 5%) @	0.20	0.68
INR/EUR depreciates by 5% (31st March, 2018 - 5%) @	(0.20)	(0.68)
GBP sensitivity		
INR/GBP appreciates by 5% (31st March, 2018 - 5%) @	0.00*	-
INR/ GBP depreciates by 5% (31st March, 2018 - 5%) @	(0.00)*	-
JPY sensitivity		
INR/JPY appreciates by 5% (31st March, 2018 - 5%) @	0.00*	0.02
INR/JPY depreciates by 5% (31st March, 2018 - 5%) @	(0.00)*	(0.02)

@ Holding all other variables constant
*Amount is below the rounding off norm adopted by the Group

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 31st March, 2019 and 31st March, 2018, the Group's borrowings at variable rate were mainly denominated in INR.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

(a) Interest rate risk exposure

On Financial Liabilities:

The exposure of the Group's financial liabilities to interest rate risk is as follows:

Particulars	31st March, 2019	31st March, 2018
Variable rate borrowings	3,204.88	4,161.71
Fixed rate borrowings	26.73	23.73
Total borrowings	**3,231.61**	**4,185.44**

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates as below:

Particulars	Impact on profit before tax / equity	
	31st March, 2019	31st March, 2018
Interest expense rates – increase by 50 basis points (50 bps) #	(16.02)	(20.81)
Interest expense rates – decrease by 50 basis points (50 bps) #	16.02	20.81

Holding all other variables constant

(iii) Price risk

(a) Exposure

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the balance sheet at fair value through OCI. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. In general, these investments are not held for trading purposes.

(b) Sensitivity

The table below summarizes the impact of increases/decreases of the share prices on the Group's equity.

Particulars	Impact on equity	
	31st March, 2019	31st March, 2018
Share price - Increase 5%	4.08	36.00
Share price - Decrease 5%	(4.08)	(36.00)

39. Segment reporting

The Group's organizational structure and governance processes are designed to support effective management of Cement, Tyre and Rayon, TP and chemicals, the three business segments of the Group, with equal focus on all.The three Segments have been reported in a manner consistent with the internal reporting provided to the Board of Directors which is the Chief Operating Decision Maker (CODM).

The amounts reported to CODM are based on the accounting principles used in the preparation of financial statements as per Ind AS. Segment's performance is evaluated based on segment revenue and segment result viz. profit or loss from operating activities before exceptional items and tax. Accordingly, finance costs / income, non – operating expenses and exceptional items are not allocated to individual segment.

Segment assets / liabilities comprise assets / liabilities directly managed by each segment. Segment assets primarily include receivables, property, plant and equipment, capital work-in-progress, intangibles, non-current investments, inventories, cash and cash equivalents, inter-segment assets. Segment liabilities primarily include operating liabilities. Segment capital expenditure comprises additions to property, plant and equipment and intangible assets.

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

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

The reporting segments of the Group are as below:

Tyre: This covers the sale of tyre, tubes, flaps etc. The Group operates its tyre business under the name, 'Birla Tyres'

Cement: This covers the sale of cement. The Group operates its cement business under the name, 'Birla Shakti Cement'.

Rayon, TP and chemicals : This covers sale of rayon, transparent paper and filament yarn. The Group operates this business under the name, 'Kesoram Rayon'.

Unallocated: Unallocated items include expenses / results, assets and liabilities (including inter-segment assets and liabilities) of corporate headquarters of the Group, non-current investment, current taxes, deferred taxes and certain financial assets and liabilities, not allocated to the operating segments.

Summary of the segmental information for the year ended and as of 31st March, 2019 is as follows:

Particulars	Tyre	Cement	Rayon, TP and chemicals	Unallocated	Total
Segment Revenue					
Revenue	1,298.10	2,580.52	323.36	0.04	4,202.02
	1,298.10	**2,580.52**	**323.36**	**0.04**	**4,202.02**
Segment Results [Profit/(Loss) before interest and tax]	(107.84)	259.77	5.49	(40.51)	116.91
Finance cost					(492.18)
Exceptional items (refer note 29)					-
Profit/(Loss) Before Tax					**(375.27)**
Segment Assets	1,856.55	1,882.95	644.17	610.99	4,994.66
Segment Liabilities	813.42	634.20	298.44	3,136.34	4,882.40
Segment Capital Expenditure	18.68	26.44	9.57	0.55	55.24
Segment Depreciation and amortisation	45.16	83.70	20.07	4.22	153.15
Non cash item other than depreciation and amortisation included in segment expense					23.85

Summary of the segmental information for the year ended and as of 31st March, 2018 is as follows:

Particulars	Tyre	Cement	Rayon, TP and chemicals	Unallocated	Total
Segment Revenue					
Revenue	1,453.04	2,251.23	291.24	0.30	3,995.81
	1,453.04	**2,251.23**	**291.24**	**0.30**	**3,995.81**
Segment Results [Profit/(Loss) before interest and tax]	(128.93)	127.50	(26.66)	(35.18)	(63.27)
Finance cost					(440.36)
Exceptional items (refer note 29)			(0.71)		(75.93)
Profit/(Loss) Before Tax					**(579.56)**
Segment Assets	2,017.02	1,993.13	1,314.41	792.40	6,116.96
Segment Liabilities	852.67	504.42	700.91	3,531.52	5,589.52
Segment Capital Expenditure	75.43	41.71	19.81	422.29	559.24
Segment Depreciation and amortisation	39.04	84.63	17.87	4.56	146.10
Non cash item other than depreciation and amortisation included in segment expense					55.22

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Geographical information

(a) Revenue from external customers:

Particulars	2018-2019	2017-2018
India	4,046.18	3,822.87
Others	155.84	172.94
	4,202.02	**3,995.81**

None of the customers of the Group accounts for more than 10% of the revenues as at 31st March, 2019 and 31st March, 2018.

40. Related party transactions

List of Related Parties and relationship	
A)	**Joint Venture**
	Gondkhari Coal Mining Limited
B)	**Post Retirement Benefit Plan**
	B.K. Birla Group of Companies Provident Fund Institution.
	Birla Industries Provident Fund Institution.
	KICM Gratuity Fund
	Kesoram Superannuation Fund
C)	**Key Management Personnel**
D)	**Others**
A:	**Entity Controlled, Joint Control by Key Management Personnel**
	MSK Travels and Tours Limited
	Aditya Marketing & Mfg Limited
	Arbela Trading and Services Private Limited
	Usinara Trading and Services Private Limited
B:	**One Entity is an Associate of the other Entity (or an Associate of a group of which the other Entity is a member)**
	Manav Investment & Trading Co Limited & its subsidiaries

(A) The following transactions were carried out with the related parties in the ordinary course of business.

Nature of Transaction/ Relationship	2018-2019	2017-2018
Rent Received:		
Others	0.00*	0.00*
Advance Given		
Joint Venture	-	0.32
Provident Fund Contribution		
Post Retirement Benefit Plan	17.74	21.62
Gratuity Contribution		
Post Retirement Benefit Plan	13.00	7.35
Gratuity Claimed		
Post Retirement Benefit Plan	9.09	19.40
Superannutaion Contribution		
Post Retirement Benefit Plan	0.05	0.08
Upkeep,Rent,Electricity ,Generator facility		
Others	0.46	0.00*

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

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

Nature of Transaction/ Relationship	2018-2019	2017-2018
Tour & Travel Services		
Others	5.51	0.02
Receipt of ICD		
Others	5.25	-
Repayment of ICD		
Others	5.26	-
Interest Payment		
Others	0.01	-
Expenditure-Other Services		
Others	11.95	13.83

(B) Outstanding balances

Nature of Transaction/ Relationship	31st March, 2019	31st March, 2018
Payable :		
Others	2.57	2.16
Post Retirement Benefit Plan	6.55	1.85
Loan Receivable		
Joint Venture	6.17	6.17
Interest Receivable		
Joint Venture	0.62	0.62
Advance Receivable		
Joint Venture	0.32	0.32
Receivable		
Post Retirement Benefit Plan	-	4.43
Others	0.00*	0.04

(C) Compensation of KMP of the Company

(i) The following transactions were carried out with the KMP in the ordinary course of business.

The details of remuneration paid to key management personnel is provided in Note 25.

Particulars	2018-2019	2017-2018
Sitting fees to Director	0.66	0.65
Reimbursement of Expenses	0.13	0.08
Loan from Director	-	23.73

(ii) Outstanding balances

Particulars	31st March, 2019	31st March, 2018
Remuneration	1.20	-
Loan from Director	23.73	23.73

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

Consolidated Notes to Financial Statements for the year ended 31st March, 2019

(All amounts in Rupees crores, unless otherwise stated)

41. Demerger of business

The Board of Directors has approved a Scheme of Arrangement ('the Scheme') under Section 230 and 232 of the Companies Act, 2013 for demerger of the Company's Tyre business into Birla Tyres Limited. The Appointed Date is 1st January 2019. The Scheme will be effective upon receipt of such approvals as may be statutorily required including that of the Kolkata Bench of the National Company Law Tribunal ("NCLT").The Stock Exchanges have accorded in principle approval to the scheme. Accordingly, the Company has filed the Scheme with NCLT.

42. The Parent has incurred cash losses during the past few financial years and also during the Financial Year 2018-2019. However, the Parent has succeeded in significantly reinforcing its performance during the said Financial Year. This is evident from the significant narrowing of losses before taxes during the Financial Year. This has been achieved through economies of cost and improving operational efficiency. The Parent has effected meaningful reduction in its overall debt during the said Financial Year. The Promoter Group, in turn, has consistently demonstrated its financial commitment in the Parent and would continue with that support.

43. Statement of net assets, and profit or loss attributable to owners and non-controlling interest

Name of the entity	2018-2019								2017-2018							
	Net Assets	As a % of consolidated net assets	Net Profit / (Loss)	As a % of consolidated net Profit / (Loss)	Other comprehensive income	As a % of consolidated other comprehensive income	Total comprehensive income	As a % of consolidated total comprehensive income	Net Assets	As a % of consolidated net assets	Net Profit / (Loss)	As a % of consolidated net Profit / (Loss)	Other comprehensive income	As a % of consolidated other comprehensive income	Total comprehensive income	As a % of consolidated total comprehensive income
Holding Company	530.19	472.31%	(254.25)	69.98%	1.55	-2.54%	(252.70)	59.55%	773.70	146.68%	(463.51)	80.25%	(1.74)	2.04%	(465.25)	70.18%
Kesoram Industries Limited																
Subsidiary	12.12	10.80%	(109.07)	30.02%	(62.60)	102.54%	(171.67)	40.45%	183.79	34.85%	(114.05)	19.75%	(83.60)	97.96%	(197.65)	29.82%
Cygnet Industries Limited																
Total Eliminations	(430.05)	-383.10%	-	0.00%	0.00*	0.00%	0.00*	0.00%	(430.05)	-81.53%	-	0.00%	0.00*	0.00%	0.00*	0.00%
Total	**112.26**	**100.00%**	**(363.32)**	**100.00%**	**(61.05)**	**100.00%**	**(424.37)**	**100.00%**	**527.44**	**100.00%**	**(577.56)**	**100.00%**	**(85.34)**	**100.00%**	**(662.90)**	**100.00%**

Note - Since there is no non-controlling interest in the subsidiary company, hence the disclosures are not applicable.

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

44. Figures for the previous year have been regrouped/reclassified wherever necessary to conform to current period's classification.

For and on behalf of the Board of Directors

Basant Kumar Birla
Chairman

Chander Kumar Jain
Whole-time Director

Manjushree Khaitan
Executive Vice- Chairperson

P Radhakrishnan
Chief Financial Officer

Gautam Ganguli
Company Secretary

Amitabha Ghosh
Lee Seow Chuan
Jikyeong Kang
Siddhartha Mohanty
Kashi Prasad Khandelwal
Sudip Banerjee
Directors

Place: Kolkata
Date : 15th May, 2019

The Group Logo - *As represented by the 21th 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

KESORAM INDUSTRIES LIMITED

CIN : L17119WB1919PLC003429

Registered. Office : 8th Floor 'Birla Building', 9/1 R. N. Mukherjee Road, Kolkata – 700 001

Ph.: +91-33-22435453 / 22429454 / 22135121, Fax : +91-33-22109455

Website: www.kesocorp.com; E-mail: corporate@kesoram.net, sharedepartment@kesoram.net

ATTENDANCE SLIP

100th ANNUAL GENERAL MEETING ON 26th JULY, 2019

1. Name of the Member(s) :

2. Registered Address :

3. E-mail ID :

4. Registered Folio/ DP ID & Client ID No. :

5. No. of Equity Share(s) held :

I/We hereby record my/our presence at the 100th Annual General Meeting of the Company held on Friday, the 26th July, 2019 at 11.00 A.M. at 'Kala-Kunj', 48, Shakespeare Sarani, Kolkata – 700 017

______________________________ ______________________________

Member's / Proxy's name in Block Letters | Member's / Proxy's Signature

Note : Please complete the Name, Address and Folio/ DP ID & Client ID No., sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the Meeting Hall.

ELECTRONIC VOTING PARTICULARS		
EVEN (E - Voting Event Number)	**User ID**	**Password**

Note : Please read carefully the instructions printed under the Note No.17 to the Notice of 100th Annual General Meeting dated 15th May, 2019. The e-Voting period starts from 9:00 A.M. on 23rd July, 2019 and ends at 5:00 P.M. on 25th July, 2019. At the end of the e-Voting period, the portal where the votes are cast shall forthwith be blocked by NSDL.

.... Please cut here and bring the above attendance slip to the Meeting Hall ....

KESORAM INDUSTRIES LIMITED

CIN : L17119WB1919PLC003429

Registered. Office : 8th Floor 'Birla Building', 9/1 R. N. Mukherjee Road, Kolkata – 700 001

+91-33-22435453 / 22429454 / 22135121, Fax : +91-33-22109455

Website: www.kesocorp.com; E-mail: corporate@kesoram.net, sharedepartment@kesoram.net

PROXY FORM (FORM No. MGT-11)

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

100th ANNUAL GENERAL MEETING ON 26th JULY, 2019

1. Name of the Member(s) :

2. Registered Address :

3. E-mail ID :

4. Registered Folio/ DP ID & Client ID No. :

5. No. of Equity Share(s) held :

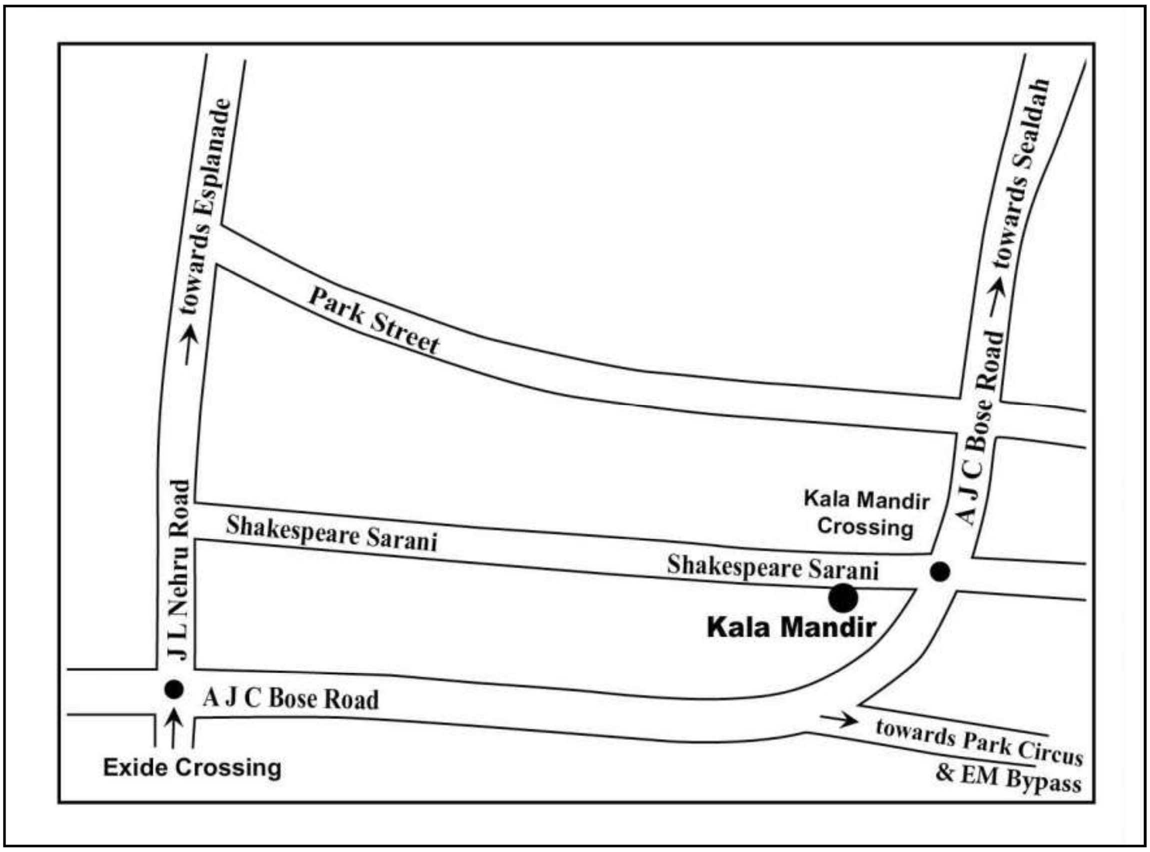
I/We, being the member(s) of .... shares of the above named Company, hereby appoint :

1. Name :
   Address :
   E-mail id : Signature : ______________________ Or failing him/her
2. Name :
   Address :
   E-mail id : Signature : ______________________ Or failing him/her
3. Name :
   Address :
   E-mail id : Signature : ______________________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 100th Annual General Meeting of the Company, to be held on Friday, the 26th day of July, 2019 at 11.00 A.M. at 'Kala-Kunj', 48, Shakespeare Sarani, Kolkata – 700 017 and at any adjournment thereof in respect of such resolutions as indicated overleaf :

Route Map of AGM Venue

'Kala-Kunj', 48, Shakespeare Sarani, Kolkata – 700017



[ROUTE MAP]

Resolution No.	Resolution Proposed	Please tick (√)
1.	Adoption of Annual Financial Statements and Reports of Directors & Auditors thereon for the year ended 31st March, 2019 as well as the Audited Consolidated Financial Statements and Report of Auditors thereon for the year ended 31st March, 2019.	
2.	Approval to the re-appointment of Siddhartha Mohanty, as a Director, retiring by rotation.	
3.	Confirmation and ratification of remuneration payable to Cost Auditors for the Financial Year 2018-19.	
4.	Approval to the re-appointment of Kashi Prasad Khandelwal, as an Independent Director.	
5.	Approval to the re-appointment of Sudip Banerjee, as an Independent Director.	
6.	Approval to the re-appointment of Amitabha Ghosh, as an Independent Director.	
7.	Approval to the re-appointment and remuneration to Manjushree Khaitan as Whole-time Director.	
8.	Approval to the re-appointment and remuneration to Chander Kumar Jain as Whole-time Director.	

Signed this ____________________ day of ____________________ , 2019

Folio / DP ID / Client ID ____________________ Signature of Shareholder(s) ____________________

Signature of Proxyholder(s) ____

Affix Revenue Stamp

Notes: 1. **This form of proxy in order to be effective should be duly filled, stamped, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

2. For the text of the Resolutions, Statement & Notes, please refer to the Notice convening the Annual General Meeting dated 15th May, 2019.

3. A person can act as Proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total Paid up Share Capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the Paid up Share Capital of the Company, then such proxy shall not act as a proxy for any other person or Member.