Indo Count
COMPLETE COMFORT

NEW THINKING. NEW POSSIBILITIES.

2016-17 ANNUAL REPORT
INDO COUNT INDUSTRIES LIMITED

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Corporate Overview

Statutory Reports

Financial Statements

25+ years
Rich Experience in Textile Segment

54+ countries
Global Trade Presence

90 mn mtrs
Processing Capacity

New Thinking. New Possibilities.

An Emotion We Cherish

Creating quality bedding solutions is into every fibre of our being. With the mindset of a specialist, we innovate to give the world an experience of complete comfort.

From product design and development to branding and marketing, each aspect of the operational ecosystem is handled meticulously. The result is sustainable momentum and wider consumer outreach.

Over a twenty-five-years, life has been exciting, eventful and continuing to meet further challenges.

We are feeling great to be over twenty-five at a time when the opportunity landscape around us is widening. We are looking beyond the obvious challenges, where opportunities abound.

FY 2016-17 saw heightened activity at Indo Count.

We expanded our capacity to reach global markets and touch more customers.

We introduced premium brands for global markets and ventured in Indian home textiles market.

We implemented key initiatives to strengthen our operations.

We enhanced the capabilities of our team and propelled our community and sustainability efforts.

As India continues to pursue its next phase of growth and Brand India is revered across the world, we will continue to make the most of the momentous time in history...

With New Thinking and New Possibilities.

INDO COUNT AT A GLANCE

A Global Bed Linen Company

25 years back, a journey began with a dream and today with many hands joined in, the dream is transformed into a commitment and determination.

We commenced our operations in 1991 as a 100% Export Oriented Unit focusing mainly on yarn production and successfully forayed into home textile business in 2007 by setting up a state-of-art facility, vertically integrated to manufacture Bed Linen on a global scale. Today, we are a second largest manufacturer / exporter of Bed Linen from India; amongst the 3 bedsheet exporter to the USA.

Over the years, we have woven together all the threads necessary to create a strong corporate culture with the expertise to create quality products delivered with speed and best services.

> A dream doesn't become reality through magic; it takes sweat, determination and dedicated team effort.

Our customers are at the heart of our innovation philosophy. We have evolved into a total bedding resource focused on delivering "Complete Comfort" by providing continuous innovative bedding solutions. We commenced with 36 million meters capacity in 2007 and with increase in customer acceptance, we expanded our capacity to reach 90 million meters.

We have focused on some of the world's finest fashion, institutional and utility bedding, encapsulating significant presence across the globe. Our presence across categories helps in cross-selling and provides us with the competitive edge as a complete home solution provider to our clients. Today, we are exporting to more than 54 countries across 6 continents. Our esteemed clientele include top global retailers and renowned international brands. We are proud to be amongst global players in the Home Textile industry on the strengths of our design capabilities, superior brands, technology focus and consistent innovation with a customer-first approach.

We have a backward and forward integrated supply chain where we engage with the customers on various levels. This enables us in providing quality products with timely delivery.

OUR 25 YEARS JOURNEY

1990/91

Initial Public Offer in 1990

Commencement of operations in 1991

2007

Forayed into home textiles by setting up 36 mn mtrs capacity

2008

Acquired Pranavaditya Spinning Mills Ltd.(Subsidiary)

2011

Established Subsidiary in the USA and Showroom and Design Studio at Fifth Avenue, New York

2012

Bed linen capacity increased to 45mn meters

2014/15

Established showroom and design studio in UK and Australia in 2014

Enhanced Capacity to 68 million meters in 2015

2017

Enhanced Capacity to 90 million meters

Launched Brands in Indian market

2251
Team strength

2nd
Largest manufacturer and exporter of bed sheets, bed linen and quilts from India

4 Star
Trading house

Vision

To be one of the leading players in the global Home Textile industry on the strengths of technology, experience and innovation.

Mission

We are committed to provide all our customers unmatched product quality, timely services and value for money through our technological and organizational strengths.

1 Complete Comfort to the customers

2 Focus on customer satisfaction

3 Foster stability and sustainability growth principles

4 Committed for timely delivery

GLOBAL FOOTPRINT

9200sq. ft.
Showroom at Fifth Avenue- New York

New York Showroom

We are globally acclaimed as manufacturers and exporters of a wide range of bed linen across more than 54 countries spread over 6 continents. Our major market is the USA and we derive around 65% of revenue from the US market. Our total exports comprise around 92% of our revenues. We also have a prominent presence in other geographies viz. UK, Canada, Europe, MENA and Australia. We continuously explore other geographies for expansion.

During FY2016-17, we forayed in the domestic market and have launched our own premium bed linen brand 'Boutique Living' in India.

Future outlook

- Expanding our footprints in new geographies and establishing marketing/ representative office across the globe will continue.
- Establishing more showrooms in leading markets.
- Increasing distributional reach through channel expansion.

We are present in more than 54 countries spread across 6 continents.

Our key locations

India

- Mumbai, Global Headquarters
- Manufacturing facilities in Kolhapur, Maharashtra
- Design Studio

UK

- Manchester - Office cum Showroom

USA

- 9200 sq.ft. experential Office cum Showroom at Fifth Avenue, New York
- Charlotte, NC Office cum Distribution Centre for retail and e-commerce

Australia

- Melbourne - Office cum Showroom

New York Showroom

FROM THE EXECUTIVE CHAIRMAN'S DESK

The Financial Year 2016-17 was exciting and eventful at Indo Count. We started gaining acceptability across three new segments, which comprise of Fashion, Utility and Institutional bedding across geographies. During the year, we launched high quality lifestyle brands, primarily focusing on premium customers and their evolving aspirations.

Dear Shareholders,

Indo Count is not just a name, but an emotion we cherish. For over 25 years, we have meticulously nurtured a culture of innovation and quality excellence, leading to superior brand experience for our global customers. This business philosophy has been responsible for our sustainable growth momentum. FY2016-17 saw a continuation of this trend.

I am pleased to share with you that the financial year 2016-17 was exciting and eventful at Indo Count. We started gaining acceptability across three new segments, which comprise of Fashion, Utility and Institutional bedding across geographies. During the year, we launched high quality lifestyle brands, primarily focusing on premium customers and their evolving aspirations. All this has been possible owing to our unique approach to Home Textiles which has helped us create our strong presence across the globe.

We felt forward integration would make us stronger and more competitive. Such a strategy helps us stay close to the customer and understand market trends better. Deep insight into market trends and behavioural patterns of customers drive our innovation.

Innovation and Branding counts

At Indo Count, we always seek to provide functional benefits through our differentiated products, which are outcomes of continuous innovation. We are working diligently on differentiating ourselves from our peers to establish top-of-mind recall for our customers and clients. Our major thrust has been on innovation and development of new products. In our quest to deliver a refreshing sleep experience and providing complete bedding solutions, we focus on giving the customers an extraordinary brand "sleep" experience.

In 2016, we introduced three lifestyle brands, 'Boutique Living', 'Revival' and 'The Pure Collection' in the US Market. The 'Boutique Living' showcases four innovative design categories. Besides, three new licensed brands - 'Harlequin', 'Sanderson', and 'Scion' were introduced in North America. We also forayed into Indian market with the launch of our domestic aspirational brand 'Boutique Living' in October 2016. Our Boutique Living collection is geared to set new benchmarks for inspired living for customers in India.

Capacity Expansion

Innovation cannot be an end in itself. It has to reach customers across geographies and fulfil their needs. To meet the growing demand for innovative products from our global customers, we have aggressively focused on scalability. Technology and Automation are among our key business differentiators, which allow us to be nimble, resilient and innovative. Our expansion is divided into two phases. We completed the Phase I with an expenditure of around ₹ 175 Crores which included increase in our capacity from 68 million metres to 90 million meters, set up of a state-of-the-art reverse osmosis (RO) and water effluent treatment plant, automation of cut-and-sew operations and warehousing.

We have also lined up a capital expenditure of around ₹ 300 Crores for Phase II. It will be invested in additional weaving capacity (with specialised looms), advanced equipment for the delivery of fashion and utility bedding and modernise existing spinning facilities.

Committed to Deliver

I am happy to share that our performance reflects the inherent fundamental strengths of our business. We achieved encouraging numbers during 2016-17. The consolidated revenues enhanced to ₹ 2,258 Crores in 2016-17 compared to ₹ 2,111 Crores in previous year. Net profit for FY 2016-17 stood at ₹ 232 Crores and Earnings Per Share at ₹ 11.76.

In 2016, we introduced three lifestyle brands, 'Boutique Living', 'Revival' and 'The Pure Collection' in the US Market. Besides, three new licensed brands Harlequin, Sanderson and Scion were introduced in North America.

The Board has paid interim dividend @20% per equity share of face value of ₹ 2/- each and recommended final dividend @20% for the year 2016-17 subject to approval of members; total dividend outflow would be 40% (i.e. ₹ 0.80 per equity share of face value of ₹ 2/- each)

We grow; our community grows

We believe businesses have the capacity to create developmental models for communities. We direct our efforts to elevating the lives of the underprivileged in and around the local areas where we operate. Indo Count Foundation, primarily focuses on the spheres of Education, Women Empowerment, Healthcare, Water & Sanitation and Rural Upliftment.

Way forward

Going forward, we will continue to focus on cost efficiencies, quality control, market penetration and technology upgradation. We will also concentrate on expanding the value-added product portfolio by focusing more on innovation in line with changing aspirations of society. We will also enrich our brand experience by improving existing brands and introducing new brands.

Our multi-cultural and dedicated workforce has a significant role to play in making Indo Count a global leader in the markets in which it operates. Our team's passion for excellence takes us further, despite challenges.

Lastly, I take this opportunity to thank all our employees, loyal customers, dedicated partners, global teams, committed shareholders and stakeholders for helping us translate our ideas into encouraging outcomes for our business and for continued trust and confidence in Indo Count.

Warm regards,

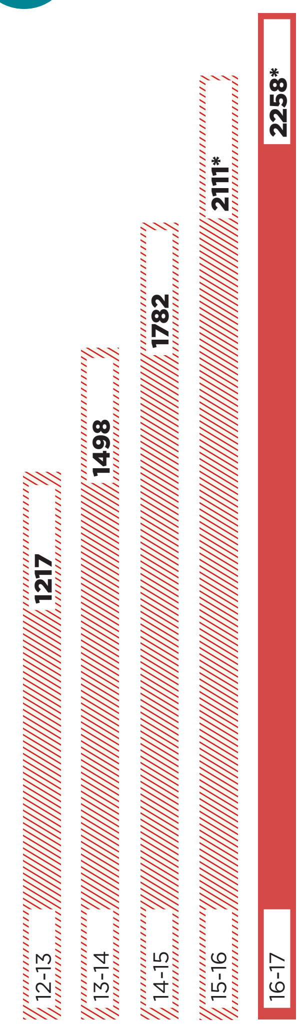
ANIL KUMAR JAIN
Executive Chairman

KEY PERFORMANCE INDICATORS

CONSOLIDATED

(₹ in Crores)

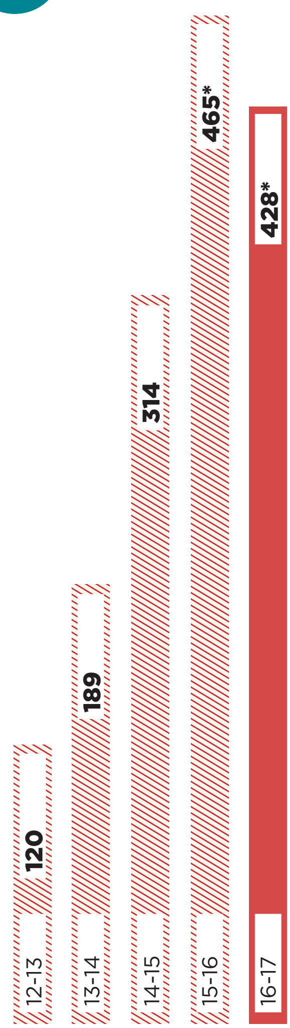
CAGR
17%



Revenue

(₹ in Crores)

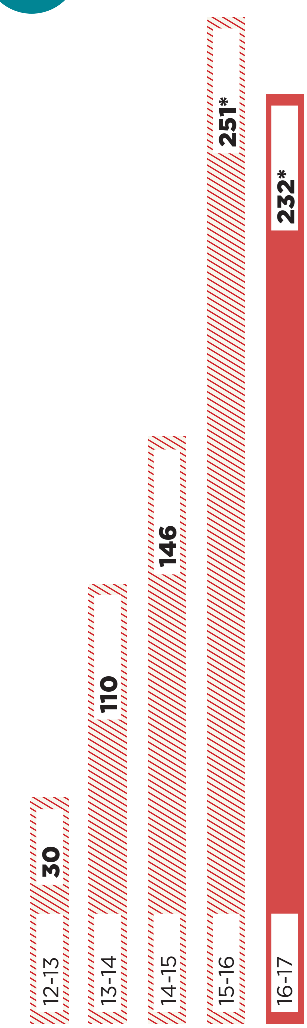
CAGR
37%



EBITDA

(₹ in Crores)

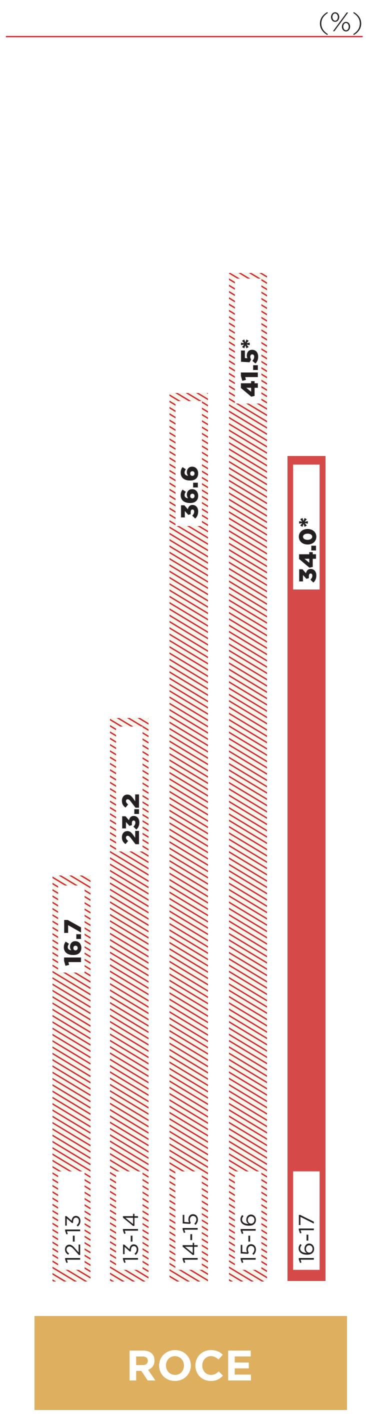
CAGR
67%

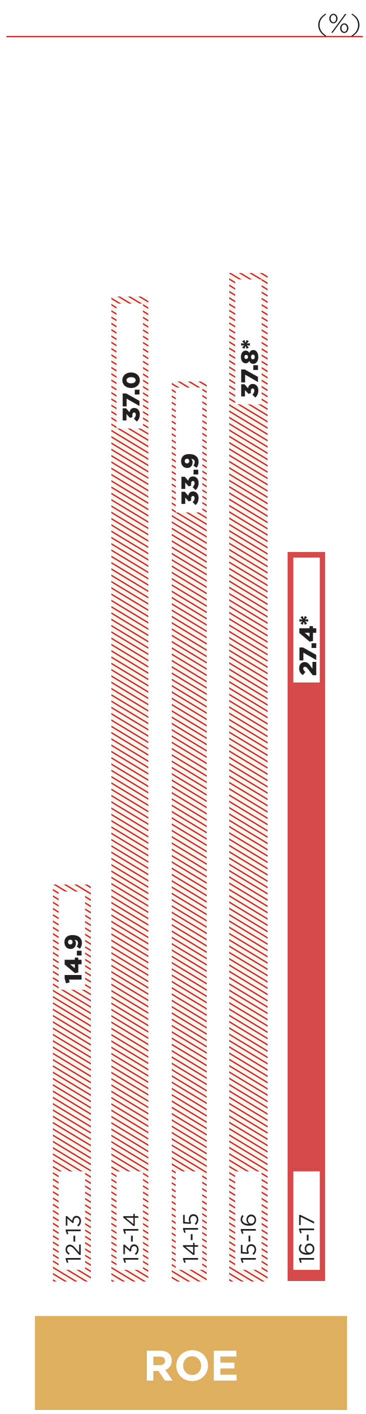


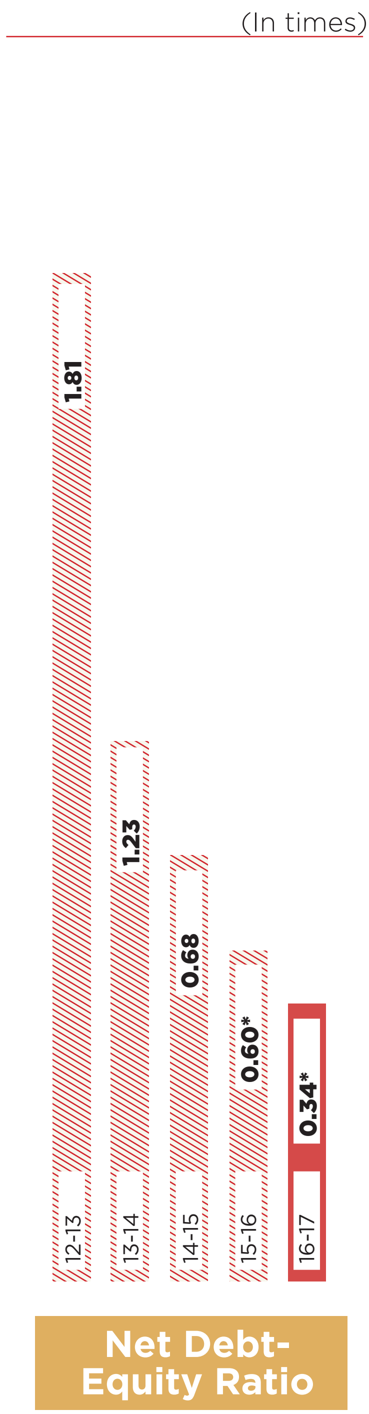
PAT

* As per IND AS

KEY RATIOS







* As per IND AS

OUR PRODUCTS SPECTRUM

Bed Sheets	Fashion Bedding	Utility Bedding	Institutional Bedding
• Flat sheet • Fitted sheet • Pillow cases	• Comforters • Bed Sheets • Shams • Quilts • Coverlets • Decorative pillows	• Mattress pads • Protectors • Filled comforters	• Basic white sheets • Duvet covers • Shams

Bed Sheets

1. **Precision to detail and dedication to quality makes us the pre-eminent manufacturer of quality bed sheets.**

2. **Our range encompasses better to premium quality sheets and serves mid to high range.**

3. **Deep insights into sheet-buying decisions result in providing the perfect feel and perfect fit solutions to our valued customers.**

Fashion Bedding

1. **Our designing and branding teams, based in India, the USA, England and Australia create the perfect blend of look and style.**

2. **We deliver superior quality products that the consumers look for. Our unique combination of finishes includes yarn - dyed, printed, embroidered, embellished and other customised fashion offerings.**

To bring best-in-class bedding solutions to our consumers, we emphasize on continuous innovation. We determine consumer requirements by conducting our own consumer surveys. Our creative product engineers conceptualize the findings and use our cutting-edge technologies to cater to these needs. Our output is aimed to bring Complete Comfort' to our consumers.

Utility Bedding

1. We use contemporary technologies and incorporate anti-static, waterproof, and antimicrobial qualities to develop best sleep accessories.

2. Our Product with True Grip® technology comes under utility bedding. This technology maintains a smooth fit on mattresses.

Institutional Bedding

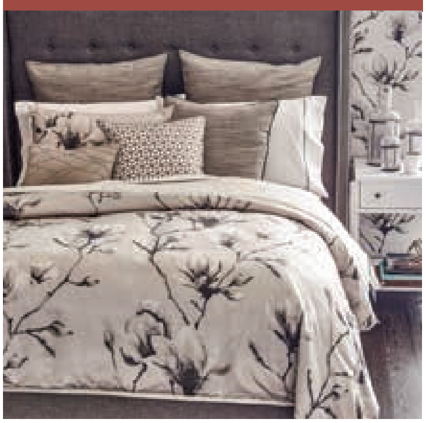
1. We have a proud record of manufacturing bedding for renowned hotels, resorts, and other institutions.

2. Our institutional grade bedding are durable and innovative, weaving comfort and luxury.

3. It leaves a refreshing look and softer feel, wash after wash.

BRAND LAUNCHES IN 2016-17

HARLEQUIN

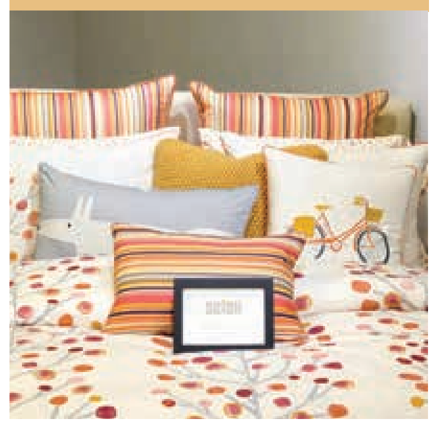


- Founded in 1960, Harlequin derives its name from the dictionary definition meaning “varied in color or decoration”. Harlequin embodies the principles of inspirational design, innovative textures and ingenious use of color
- Harlequin’s appealing designs and styles offer a comprehensive range of fabrics, prints, weaves and wall coverings
- It embodies the principles of inspirational design, innovative textures and ingenious use of color
- It offers an eclectic fusion of classic with contemporary and flamboyance with elegance
- Harlequin strives to offer style, glamour and inspiration to its increasing customer base.

Sanderson

- Founded by Arthur Sanderson in 1860, most recognized brands in interiors worldwide today.
- Sanderson is a heritage English brand symbolising integrity and featuring designs that reflect quality and value for money
- It houses one of the largest collections of fabrics, wallpapers and printing blocks
- Sanderson designs reflect contemporary styling with a mix of modern tastes
- It caters to the middle as well as upper level of the home textile market

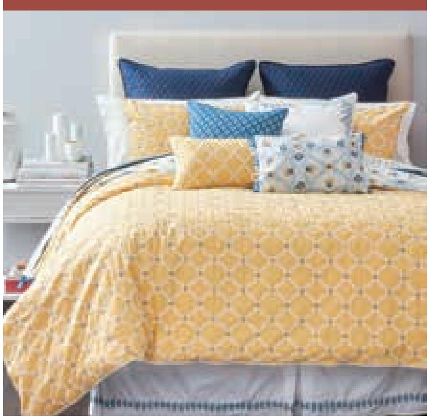
scion



- The brand Scion which means ‘descendent of a notable family’ is produced under the auspices of the Harlequin Group
- The brand offers an extended range of fun and funky home accessories, inspired by some of Scion’s bestselling designs, including bedlinen, towels, rugs, mugs and bathroom accessories
- It perfectly blends affordability with an uncompromisingly stylish range of interior products for trend-savvy customers
- Its products are cutting-edge, accessibly priced and forward looking, with an enduring appeal and intrinsic individuality

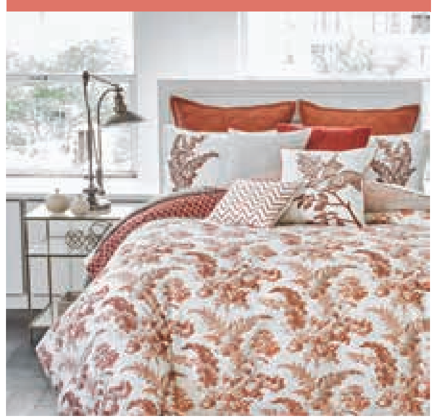
OUR OTHER CAPTIVATING BRANDS

BOUTIQUE LIVING



- Targeted at a professional who travels often, earns an above average income and prefers differentiated experience of boutique hotels over cookie-cutter hotel chain experience.
- Target audience would typically have an active social life and be passionate about décor and decorating the home.
- Boutique Living is influenced by the decorators' point of view and is stylish, aspirational and modern.

REVIVAL NEW YORK CITY



- The Revival brand has a vintage spirit with a perfect blend of classic designs and urban styles.
- The sophisticated and traditional Revival audience follows classic detailing with a modern outlook.
- The enzyme and stone washed natural fabrics provide a super soft feel and a gentle colour palette.
- Revival is a complete collection of matching sheets, comforters, duvets, pillows and shams.

THE PURE COLLECTION

- The Pure Collection is inspired by a natural and environment-friendly way of living.
- It is a casual and relaxed quality brand with a strong appeal. The entire collection is 100%-organic cotton - free of all harmful chemicals.
- It is targeted to customers who aspire to live a clean, uncluttered and a sophisticated life.
- The minimal designs and colours aim to soothe the minds of customers.

BRANDS AND INNOVATIONS

color sense	The Complete Sheet
TRUE GRIP STAYS IN PLACE	Dura Shine
MICRO TOUCH	INFINITY Cotton
EcoLITE The light-weight Cotton Sheet	THERMAL BALANCE
Touch Sense SHEETS	PREMIUM BLEND SHEET
smartcel™ sensitive The secret of natural freshness	Dermalux Therapeutic Sheet

Our core strength lies in product innovation and development. We study consumer reviews to make quality products that meet the expectation of our clients, partners and consumers.

OUTCOMES OF INNOVATION

Color Sense
Color affects us both psychologically and physiologically. As the name suggests, this Brand is all about gorgeous colors.

True Grip
Bordered by elastic on the edges of the bed sheets to provide the best fit.

Micro Touch
Micro Touch sheet is a revolutionary new sheet, which not only look and feel as comfortable as cotton but is also easy to maintain and wrinkle free like micro yarn.

Ecolite
Ecological sheet which needs less resources to develop and earn the name Eco lite, light weight cotton sheet.

Touch Sense
Consumers expect a lot of from their bed sheets, but their desires are simple and clear.

Smartcel Sensitive
The first antibacterial natural fiber with the essential trace element zinc. Protects and cares for the skin.

The Complete Sheet
100% Long staple cotton Wrinkle free, Fade, Pill and Shrink Resistant sheet set.

Dura Shine
The luster is so "internalized" that it lasts wash after wash, hence earning itself the name Dura Shine.

Infinity Cotton
Blend of a few finest cotton varieties in the world, resulting in superior yarn.

Thermal Balance
Products balance temperature between body and bed to deliver superior sleep characteristics.

Premium Blend
Premium blend sheets made of proprietary blend yarn, which imparts the much desired ''cotton look and feel'' to the fabric. Naturally Wrinkle Free wash after wash without any chemical treatment.

Dermalux
This is a therapeutic sheet based on the natural anti-aging effects by Vitamin E, Aloe Vera, Jojoba Oil. ALOE VERA has long been known to be beneficial for the skin due to its ability to help the skin retain moisture preventing it from drying and cracking.

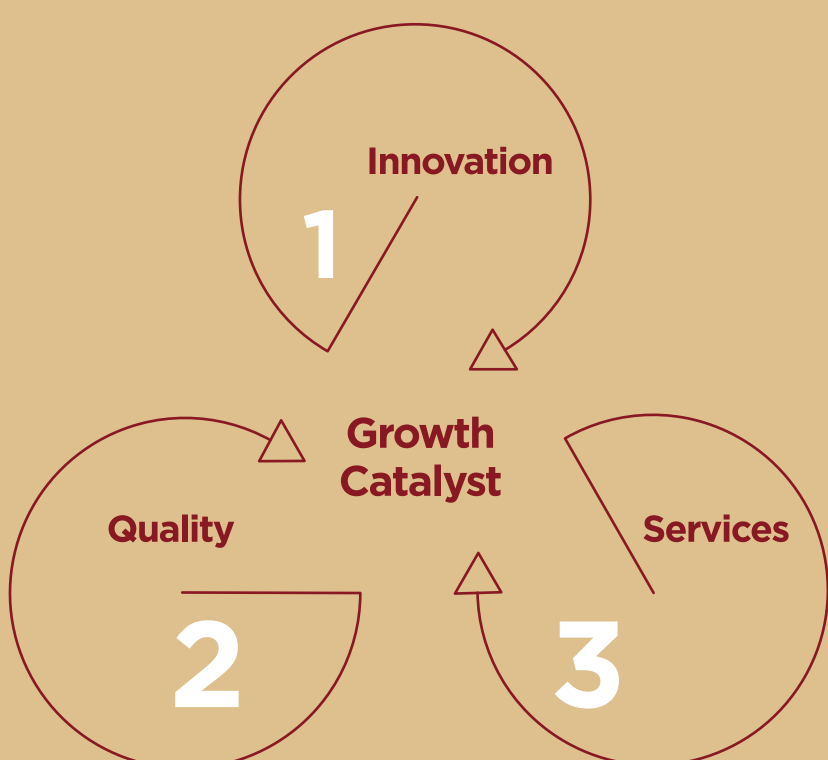
VALUE ADDITIVE BUSINESS MODEL

In our quest to deliver a comfortable sleep experiences through quality bedding, we only use the best equipment from around the world in our state-of-the-art facilities. In addition, our skilled and experienced employees control the entire process, including product development and design, sourcing of high grade cotton, spinning, weaving, processing, cut-n-sew operations, along with branding and marketing.

Our Core Objective

We aim to create superior quality bedding, weaving the best of fibre. The purpose is to become a multi-functional organization performing end-to-end solutions.

Growth Catalyst



1 We are innovators prioritising on our consumers' preferences. We conduct consumer surveys and market research to determine their needs and integrate our technologies and processes to develop the product that features consumers' requirements, providing complete comfort.

2 We source the finest cotton, to provide best-in-class experience. We have state-of-the-art facilities and skilled workforce to conform to highest quality standards.

3 We are a specialized end-to-end bedding provider. We provide flexible and fast services. We pride ourselves on being good communicators and providing responsive services to meet clients' demands.

Vertically Integrated Business Model

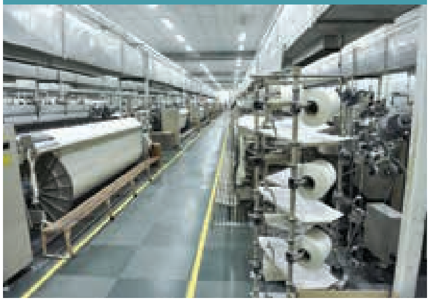
Product Development

We create some of the world's finest fashion, institutional and utility bedding. Our core strength is product innovation and development. Our design teams in India, USA, UK and Australia incorporate the latest industry trends, ensuring we develop desired designs and products for the market.

Spinning

Our spinning plants use the best cotton procured from India and around the globe. The pioneering technology used by us produces world-class output for our consumers.

Weaving



Our weaving facilities have installed air jet looms for wide width fabrics like. We have the best weaving equipment to thread our fabrics.

Processing

All processes like bleaching, dyeing, printing and finishing are completed using innovative technologies, processes and methods.

Cut and Sew

Our cut-n-sew factories are capable of producing sheet sets, mattress pads, pillow covers, duvet covers, comforters, quilts, cushion covers, and shams. We use the best automated equipment to provide consistent quality and time-bound deliveries.

Branding and Marketing

Our strategic positioning of products and promotion helps us in sustaining and achieving our desirable objectives and goals. Our branding and marketing team creates awareness about the utility of our inventions, thereby bridging the communication gap between customers and us.

FY 2016-17 HIGHLIGHTS (CONSOLIDATED)

REVENUE
₹2,258 Cr.

EBIDTA
₹428 Cr.

PAT
₹232 Cr.

CASH PROFIT
₹323 Cr.

ROCE
34.0%

ROE
27.4%

NET DEBT EQUITY
0.34 times

INTEREST COVERAGE
9.38 times

EPS
₹11.76 (Face value of ₹ 2/- each)

STRENGTHS GIVES US AN EDGE

Brand Prominence

Our brand positioning reflects the concept behind product designing, leaving a strong imprint on brand recall. We collaborate with our license partners to ensure brand consistency and maintain overall visual integrity

Strong Positioning

We are positioned as a niche player in the bed linen category of the home textiles segment.

Esteemed Client Base

We have developed strong relationship with key customers across several countries.

Differentiation through innovation

We have a strong customer evaluation focus and position our products in line with evolving market demand.

Proven Market Expertise

Our strong branding and marketing team has helped us move up the value chain and foray into new market. We are also learning the ropes of the e-commerce business.

In-house R&D and designer team

Our efficient team initiates product development constantly, which helps us to innovate and provide a wide spectrum of designs, focusing on preferences of customers.

Customer-eccentricity

Our customers expect innovation from us, and we strive to deliver it. We cater to both informed and impulsive buyers by positioning our product range according to their aspirations.

Wide Range

We provide a wide range of matching sheets, comforters, duvets, pillows, shams, quilts and any other bedding solutions, required for a comforting sleep experience

Technology Advancement

We use advanced equipment from around the world in our state-of-the-art facilities. Our technology provides the best-in-class bed linen quality across categories.

New thinking unveils New possibilities

BOUTIQUE LIVING
NOW IN INDIA

BOUTIQUE LIVING

Boutique Living is an aspirational brand launched by Indo Count to share its expertise in refined quality bed linen, currently experienced by global home linen brands, now being introduced to the Indian consumer. With the highest quality in design and led by technology, our range of products that include bed sheets in bold designs and solid colors, comforters, draw sheets, coverlets and a range of fitted sheets promise a sleep experience like never before.

Addressing domestic demand

At Indo Count, we entered into the domestic home textile segment through our subsidiary Indo Count Retail Ventures Pvt. Ltd (ICRVL). With our vertically integrated manufacturing capacity already in place, we decided to cater to the Indian markets, focusing on quality as well as affordability.

We launched our domestic home textile brand 'Boutique Living' in October 2016, to bring an element of luxury for Indian customers. Boutique Living offers varied product designs and themes to cater a wide a varied customer cross-section. With bespoke designs our range of products - bed sheets, comforters, draw sheets, coverlets and fitted sheets - promise a sleeping experience like never before.

During the year, we also unveiled our range of Spring Summer '16 collection at HGH India with colours, patterns and superior comfort quotient, inspired from across the world. The SS'16 collection is crafted with trendy designs and top-notch technology to cater to a wide range of preferences. This innovative collection comprises four ranges with various sub-ranges

- Shop 24*7 at www.boutiquelivingindia.com
- Distribution Network across 13 states.
- Sold through multibrand outlets across 57 cities.

OUR OFFERINGS

The Highlife
- Range of luxury bedlinen
- Also available in dobby and damask patterns

Young @ Heart (YAH)
- Range that keeps alive energy and enthusiasm
- Provides vivid and energetic prints

Trendsetter
- Collection of stylish and trendy fashion
- Encompasses the global latest designs and themes

Refresh
- Range that focuses on health benefits
- Fulfils every individual's need for evolved wellness and holistic well-being

We design softer fabrics by increasing the thread count per square inch. It ensures prolonged life of sheets; and they do not lose their sheen as well. Higher thread count provides an appealing coloration and ensures that the fabric doesn't pill or slob.

It is rare to find the combination of a beautiful bed ensemble that matches India's weather conditions. Our wide range of lightweight coverlets, Indian weather-friendly comforters, temperature regulated draw sheets, fitted sheets and dohars are designed to give our customers a relaxing and sound sleep.

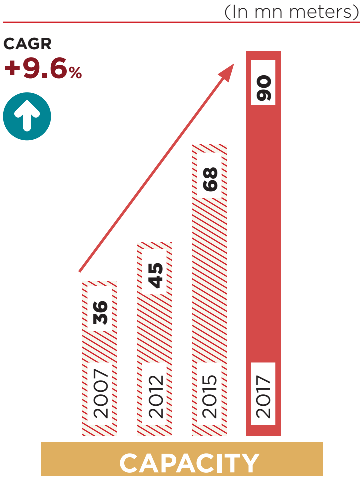
We believe in providing a best-in-class experience to our customers, and our commitment to customer satisfaction reflects in our range of innovations.

New thinking unveils New possibilities

LARGE-SCALE AND EFFICIENT OPERATIONS IS THE ROAD AHEAD

We are expanding our capacity, consolidating our capabilities and focusing on operating efficiencies. Our expansion was divided into two phases. We successfully completed phase I of expansion and have lined up for phase II. Our efforts are directed towards building a better operational eco-system.

Capacity Expansion Plans



Phase I: Capex of ₹ 175 Crores

- Set up a state-of-the-art RO and water effluent treatment plant
- Automation of cut-and-sew and state-of-the-art warehousing
- Increased capacity from 68 mn meters/annum to 90 mn meters/annum

Phase II: Capex of ₹ 300 Crores

- To invest in additional weaving capacity (with specialized looms)
- To add value added equipments for the delivery of fashion and utility bedding
- To modernise existing spinning facilities

Increased our capacity from 68 million metres to 90 million metres

Poised for growth

We are consciously moving up the value chain, adding new products; and also entering into unexplored geographies. We are also enhancing our focus on the institutional business.

The future for the Indian textile industry looks promising, bolstered by both strong domestic consumption as well as export demand. Besides, India's export share in the home textile market is likely to increase over the next few years. We remain confident of optimally utilising our expanded capacities.

11th
Largest home textile supplier into USA

We have reached 90 million processing capacity with completion of Phase 1 and would be entering second phase of growth. We are confident that our focus on innovation, customer centricity and prudent business practices will lay the foundation for growth in the years to come. The expansion of the capacity will further enhance our position in the global market. We continue to maintain strong relationship with all our customer base and growing our share of business with them; adding up new clientele with the new categories.

With the home textile market expected to grow sustainably in the coming years and capturing the growing opportunities in domestic market, we are all geared up to remain a strong participant in this growth story.

New thinking unveils New possibilities

CO-CREATING VALUE WITH ALL STAKEHOLDERS

Shareholders

- It is crucial to keep our shareholders informed about the important announcements and events about the Company.
- We keep our shareholders informed through Press Releases, Investor Presentation, and other communications through stock exchanges from time to time.
- All information is readily available in downloadable and user friendly format. on our website at www.indocount.com

Customers

- We live up to the trust customers repose on us, and are geared to provide them best-in-class experiences.
- We interact closely with customers to garner their inputs, leading to superior design and quality options.
- We address customer grievances satisfactorily and promptly.
- We innovate our products in line with our customers aspirations.

Vendors

- Vendors are the backbone of our business.
- We collaborate with our vendors, provide them relevant inputs to remain competitive in the industry.
- We identify and mitigate risks for supplies on sustainable basis.

Employees

- Our employees are our greatest assets and we are committed to attract, retained and recognise talent.
- We provide employees new challenges to grow through expansion across geographies.
- We align the career aspiration of our people with larger organisational objectives.

Society

- We believe that a better quality of life to the communities contribute to socio-economic development.
- We provide E-learning facilities and other basic amenities to rural school children.
- We have developed a unique mobile hospital programme that seeks to address problems of mobility, accessibility and availability of primary health care with a special focus on children and women.
- We empower women by supporting them with employable skill development training programmes.

AWARDS AND RECOGNITIONS

Leadership Awards	Bestowed By
Mr. Anil Kumar Jain, Executive Chairman - Best CEO (Textiles & Apparel) Award - 2016 and Top 100 Best CEO 2016	Business Today
Mr. Mohit Jain, Managing Director, was honoured with "India's Most Trusted CEO's 2017"	World Consulting & Research Corporation (WCRC)

Awards to Indo Count	Bestowed By
Silver Trophy for Second Highest Exports in Made-Ups (2015-16)	TEXPROCIL
Trophy for Export Excellence Award (2014-15)	Federation of Indian Exporters Organization (FIEO), Western Region
Egyptian Cotton Gold Seal	Cotton Egypt Association

COMMUNITY ASPIRATIONS

'Every Smile Counts'

Mission statement:
Our Commitment to Our People, Our Communities, and Our Planet

We established Indo Count Foundation, a separate trust, to focus on our community initiatives in the areas of education, healthcare, women empowerment, water and sanitation, rural up-liftment and the environment.

Education

We developed a multifaceted approach to mitigate various challenges existing in the current education scenario through implementation of e-learning and refurbishment of school building.

Our accomplishments

- Implemented e-learning Program Linked to State Education Curriculum
- Benefitted around 27,900 Students of 71 Govt. Aided Schools
- Significantly Improved the Academic Score and Reduced Student Dropout.
- Distributed School Bags to Students

Challenges

- Poor Quality of Education and Lack of Quality Teaching Methodology
- Student Retention
- Inadequate Infrastructure

Way forward

- Reaching out to More Schools and Students.

Healthcare

Primary healthcare is a privilege that very few people from the marginalised communities can afford. Grappled with abject poverty, villagers cannot even afford their bare necessities, and so they choose to ignore illnesses. We are operating two medical vans to cater to the needs of 48 villages.

Our accomplishments

- Health on Wheels Through 2 Medical Vans Reaching 48 Distant Villages.
- Touching 5,000 Patients per month by Providing Free Medicine, Check-up and Referrals
- Addressed issues like Doorstep Reach, Accessibility, and Availability of Medical Services
- Refurbished Primary Health Care Centre
- Addressed issues like doorstep reach, accessibility, and availability of medical services
- Revamped primary healthcare centres

Challenges

- Poor Infrastructure at Primary Health Care Centre
- Lack of Quality Health Care Service in Remote Rural Location

Way forward

- Spreading Foot-print of Medical Service in 6 more villages by Adding More Vans

Women Empowerment

At Indo Count, we are empowering women by providing opportunities for skill advancement and sustainable employment. We impart skills to women through our skill training institute, in collaboration with Infrastructure Leasing and Financial Services (IL&FS).

Our accomplishments

- Started Skill Development Centre in collaboration with IL & FS
- 124 women trained in stitching skill & 98 successfully employed in the industry
- Making Grass Roots Women Independent and Contributing to Upgrading their Standard of Living

Challenges

- Lack of Training & Employable Skill
- Lack of Personal Freedom
- Society Culture confining women to household work

Way forward

- Enhancing New Skills and additional employment avenues

Water and Sanitation

Pure Water Systems

To provide pure and safe drinking water, we have installed pure water system and RO system at public places in rural areas.

46 Pure Water Unit & 3 RO Systems Installed in Schools and Remote Villages for Safe Drinking benefiting many people.

Sanitation

Built 4 toilet blocks with the help of Zila Parishad and Gram Panchayat supporting Swach Bharat Abhiyaan.

Environment and Sustainability Initiatives

Environmental responsibility plays a key role in every decision we make. We continuously review our water and energy consumption, and evaluate the best ways to treat discharges. We have created Green Zones around our facilities to promote healthy living.

Our accomplishments

- Installed effluent treatment and RO plant, thus recycling 90% of water
- Reduced carbon footprint through use of solar power and natural day lighting
- Installed acoustic system and electrostatic precipitator to reduce noise and air pollution

Challenges

- Issues faced towards Environment, water and energy consumption

Way forward

- Enhance usage of Renewable energy

Accolades received for CSR initiatives

- On Republic Day 26.01.2017 Cerfificate of Appreciation, Honoured to Indo Count Foundation by Commissioner of Kolhapur Mahanagar Palika Mr. Shiv Shankar for the best Social Work.
- Letter of Appreciation' by Honourable Shri. Vinod Tawade, Minister, Government of Maharashtra, for exemplary service in the field of education in Kolhapur District
- Best work in education and drinking water from Kagal Nagar Parishad

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Anil Kumar Jain – Executive Chairman

Mr. Mohit Jain – Managing Director

Mr. K. R. Lalpuria – Executive Director

Mr. Kamal Mitra – Director (Works)

Independent Directors

Mr. P.N. Shah

Mr. R. Anand

Mr. Dilip J. Thakkar

Mr. Prem Malik

Mr. Sushil Kumar Jiwarajka

Dr. (Mrs.) Vaijayanti Pandit

Chief Financial Officer

Mr. Dilip Kumar Ghorawat

Company Secretary

Mrs. Amruta Avasare

Auditors

B.K. Shroff & Company
Chartered Accountants
3/7-B, Asaf Ali Road
New Delhi – 110 028, India.

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park, L.B.S.Marg,
Vikhroli (West), Mumbai - 400083, India.

Registered Office

Office No. 1, Plot No. 266, Village Alte
Kumbhoj Road, Taluka Hatkanangale
District Kolhapur – 416 109
Maharashtra, India.

Corporate Office

301, 3rd Floor, “Arcadia”,
Nariman Point,
Mumbai – 400 021
Maharashtra, India.

Plant Locations

1. D-1, MIDC

Gokul Shirgaon, Kolhapur – 416 234
Maharashtra, India

2. T-3, MIDC

Kagal – Hatkanangale, Kolhapur – 416 216
Maharashtra, India

Subsidiary Companies

United States of America

Indo Count Global Inc.
295, Fifth Avenue, Suite # 621
New York, NY 10016

United Kingdom

Indo Count UK Ltd
Ground Floor of Unit 2,
“The Stables”, Wilmslow Road,
Disbury, Manchester, M20 SPG
United Kingdom

Australia

Indo Australia Pty Ltd
289-311 Bayswater Road,
Bayswater North,
Victoria 3153,
Australia

India

Pranavaditya Spinning Mills Limited
Office No. 2, Plot No. 266, Village Alte
Kumbhoj Road Taluka Hatkanangale
Kolhapur – 416 109, Maharashtra, India

Indo Count Retail Ventures Private Limited
401, 4th Floor, “Arcadia”,
Nariman Point,
Mumbai – 400 021
Maharashtra, India

Bankers

Union Bank of India

State Bank of Hyderabad

HDFC Bank Ltd.

Bank of Baroda

CITI Bank

HSBC

Export-Import Bank of India

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global Economy

The year 2016 witnessed a stable growth in the world economy of 3.1%, aided by recovery in developing economies while growth in developed markets remained modest. Recovery in global commodity prices, revival in global trade flows and political events in the USA and UK were the key global developments that had a major effect on the global economy. The world economy gained momentum in the fourth quarter of 2016 and the momentum is expected to persist. The economic activity is expected to pick-up in 2017 and 2018 on the back of healthy economic dynamics in both emerging and advanced economies. The forces shaping the global outlook in the year 2017—both those operating over the short term and those operating over the long term—point to a gradual recovery on account of the gradual normalization of macroeconomic conditions in several emerging markets experiencing deep recessions, increasing weight of fast growing countries in developing economies led by long awaited cyclical recovery in investment, manufacturing, and trade.

The economic activity is expected to pick-up in 2017 and 2018 on the back of healthy economic dynamics in both emerging and advanced economies.

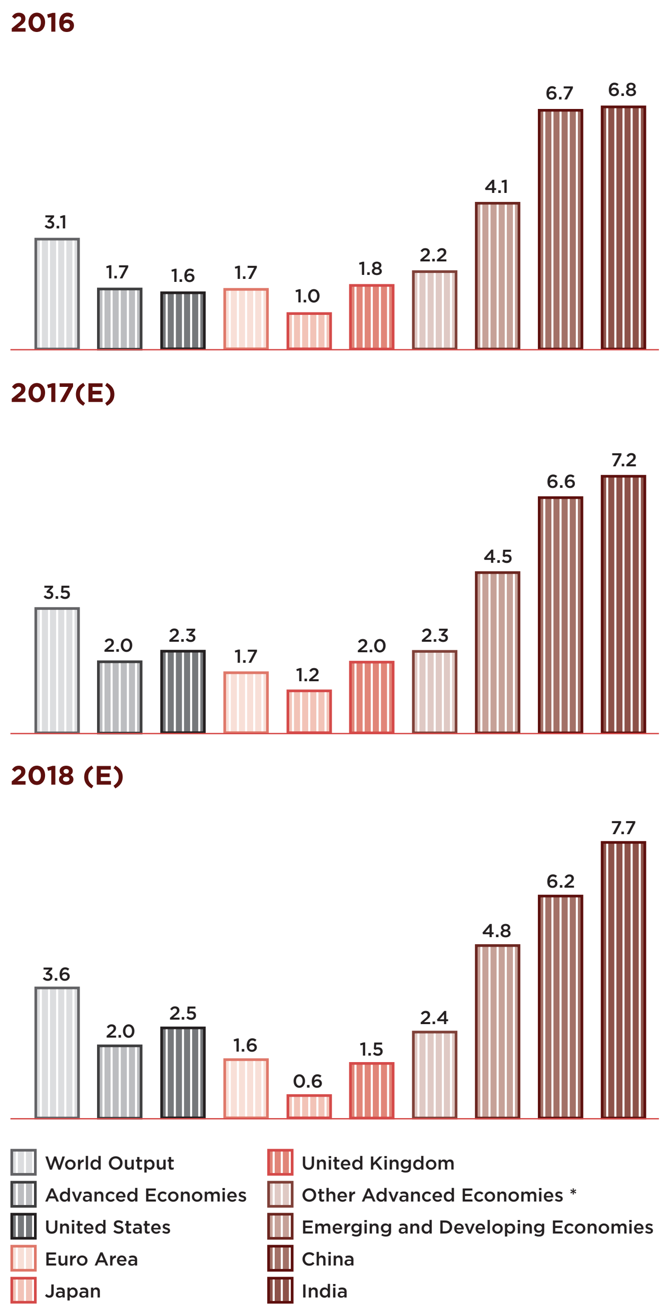
Advanced economies like the USA, UK, Europe, Japan and others envision a stronger rebound. The growth rate of these economies is anticipated to rise from 1.7% in 2016 to 2% each in 2017 and 2018. In addition, the emerging markets and developing economies (EMDEs) have shown moderate economic performance during 2016-17. Receding obstacles to activity in commodity exporters and growing domestic demand in commodity importers, EMDEs are expected to pick up growth in 2017. The EMDEs have reported growth of 4.1% in 2016 and which is expected to pick-up going forward on the back of stabilization or recovery in a number of commodity exporters (which underwent an adjustments due to drop in commodity prices and strengthening growth in India which will be partially offset by the gradual slowdown in the Chinese economy.

- **United States**
  In 2016-17, the advanced economy gained some momentum and is expected to rise from 1.6% in 2016 to 2.3% in 2017 and 2.5% in 2018. The IMF has revised its projected growth upwards for the USA, reflecting the assumed fiscal policy easing and an uptick in business and consumer confidence, especially after the November elections. The key economic indicators suggest a positive outlook driven by stable growth rate, improving gross domestic product, low inflation or deflation rate, stable unemployment rate. The USA government is confident of the future demand and is focusing on bringing a fiscal spending boost.

- **Europe**
  The Eurozone economy has emerged as a bright spot in global growth this year, as incoming data outperforms expectations and earlier concerns over politics in the bloc appear to have been overblown. Economic sentiment is sitting near a multi-year high and financial conditions remain extremely accommodative. On top of this, investment is set for a pick-up as political uncertainty ebbs across the region. An improvement in the external sector fuelled the uptick, while healthy private consumption confirmed that the domestic economy is sound as it is being supported by revival in global growth, improved domestic demand, improving labor markets, easy financing conditions and looser fiscal policy.

- **China**
  The emerging economies had a mixed result on economic performance. The continued policy support by the Chinese government helped China to keep its economic growth stable. However, its growth is projected to reduce from 6.7% in 2016 to 6.6% in 2017 and 6.2% in 2018. The medium term outlook continues to remain clouded on the back of increasing misallocation of resources capital outflows, rising debt, growing vulnerabilities associated with the reliance on near term policy easing & credit financed investment and geopolitical uncertainties.

Global Growth (%)



*Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries

Source: International Monetary Fund (IMF)

Outlook

Economic activity is expected to gather pace in 2017 and 2018, especially in emerging market and developing economies, strengthening the overall global economy. Weak investment is weighing on medium-term prospects across many EMDEs. Although many economies have announced fiscal stimulus, which if implemented, may boost global growth above expectations. In EMDEs, investment in human and physical capital would help reduce the unmet needs in skills and infrastructure, thereby enhancing growth for the upcoming years. A modest recovery in commodity prices and enhancing trade and Foreign Direct Investments (FDIs) would help boost resilience and improve growth prospects.

Indian Economy

The Indian economy is sitting on a bright spot amidst an ebbing global environment. Low food prices, implementation of critical structural reforms, favourable terms of trade, improved investor confidence and lower external vulnerabilities are some of the contributing factors to the growth of the Indian economy. Further, India's other macro-economic parameters like inflation (CPI 4.1%); fiscal deficit (3.2%) and current account balance have exhibited distinct signs of improvement.

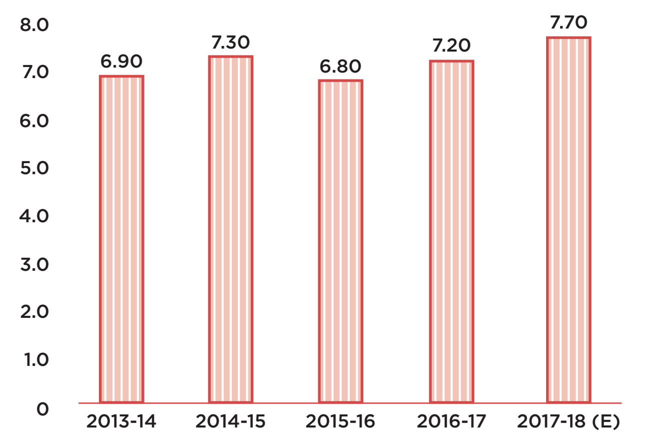
The year 2016-17 went through two impactful domestic policy reforms viz. Demonetisation and GST. In November 2016, the Government of India announced withdrawal of the country's two highest value notes to restrict corruption and accumulation of black money. The '**demonetisation**' is likely to have an encouraging influence in the future with improved tax obedience, digitalisation and formal channelisation of the savings system.

Another positive introduction was of an integrated tax regime - **Goods and Services Tax (GST)**. GST, a destination-based tax, will create a trail of various transactions across the value chain, which is expected to enable robust tracking of movement of goods across states, drive higher compliance and widen the tax base. Over time, GST would also accelerate formalization of the economy, reduce cascading effect of indirect taxes and consequently, further contribute to the growth of organized retail.

As per IMF, India is projected to grow by 7.2% in 2017 and 7.7% in 2018. The country has positioned itself as one of the most vibrant emerging economies, amongst major economies with a robust private consumption and significant domestic reforms being implemented by the government.

The key contributors being increased Foreign Direct Investment, reduced inflation and interest rates, fiscal stability and favourable monsoons. The Indian economy holds a bright future corroborated with increased domestic consumption and greater digitalisation.

India's GDP growth (%)



Source: IMF, E: Expected

Outlook

As per IMF report, GDP growth is expected to surpass the 7.7% mark in 2018 from 7.2% in 2017 due to temporary disruption caused by demonetization and implementation of GST on 1st July, 2017. The economy is expected to slowdown in the first half of 2017 and is expected to pick-up in the second half of 2017 as demonetization and GST is likely to leave a positive impact on the economy through

Despite challenges, India is poised for a long-term growth trajectory powered by a stable economy

greater tax compliance, increased digitalization and investments in capital formation. The expected fiscal deficit for 2017–18 is 3.2% of the GDP, looks achievable given the expected drive in tax collection after the implementation of GST and also greater tax compliance after demonetization. The Government of India is implementing several initiatives (Make in India, Digital India, Skill India, Start-Up India and so on) to empower domestic manufacturing, create appropriate infrastructure, and enhance digital literacy and talent pool. Despite challenges, India is poised for a long-term growth trajectory, powered by a stable economy, investments to enhance infrastructure, manufacturing output and rural income and consistent focus on institutional reforms across all sectors.

India's growth is expected to move up marginally to around 7.7% in 2017-18.

TEXTILE INDUSTRY

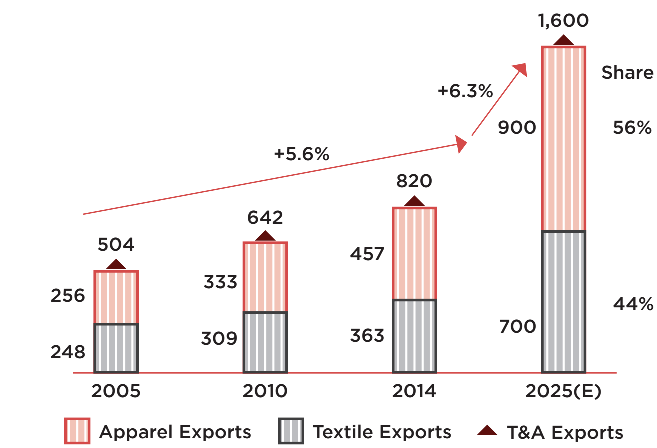
• Global Textile & Apparel Industry

The global textile and apparel industry has witnessed changes in the last few decades in terms of its production base. The developing economies like China, South Asia and South-East Asia have gained more prominence against the developed countries like the USA, the EU and Japan because of the availability of low cost manpower, abundant supply of raw-material (Cotton forms ~60% of the total cost of raw-material) and favourable economic policies in the Asian countries.

China has taken the maximum gain from this shift. After the liberalization of China's industrial policy in 1980s, China became a hub for manufacturing for the developed economies. China became a dominant exporter of textiles and apparels in the world with a share of ~39%. The other Asian economies like India, Pakistan, Bangladesh, Indonesia, Vietnam, Cambodia and Thailand also experienced an upsurge in their textile and apparel manufacturing, leaving the USA and EU the largest consumption bases. With the increase in demographic and higher aspiration for better lifestyle, off-late China and India has also emerged as a large consumption bases while still holding a major share for manufacturing.

As per Wazir and Advisors the global textile and apparel trade stood at US$ 820 bn. in 2014 growing at a CAGR of 5.6 % over the last decade. Apparel categories hold a larger share of 56% while textiles categories had the remaining share of 44% in the overall trade. The global textile and apparel trade is expected to reach at a level of US$ 1,600 bn. in 2025 growing by a CAGR of 6.3% over the next decade.

Global Textile and Apparel Trade US$ bn

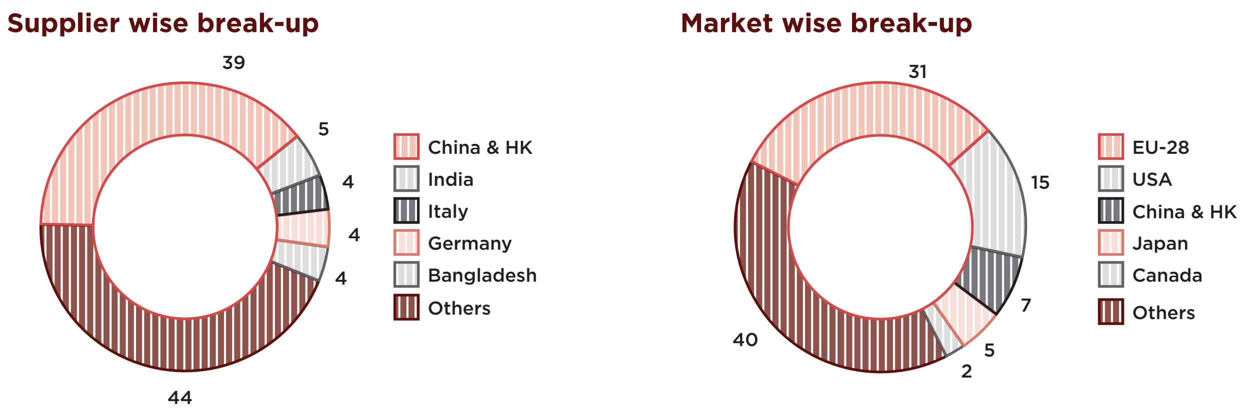


Source: UN Comtrade

EU and the USA are the largest markets for textile and apparel with a share of 36% and 14%, respectively. Whereas, on the supply side, China is the market leader with 39% dominating share. It is distantly followed by countries like India 5%, Italy 4% and Germany 4%, share in the global textile and apparel exports.

Share of major markets and supplier Nations in Global trade (2015)

(%)



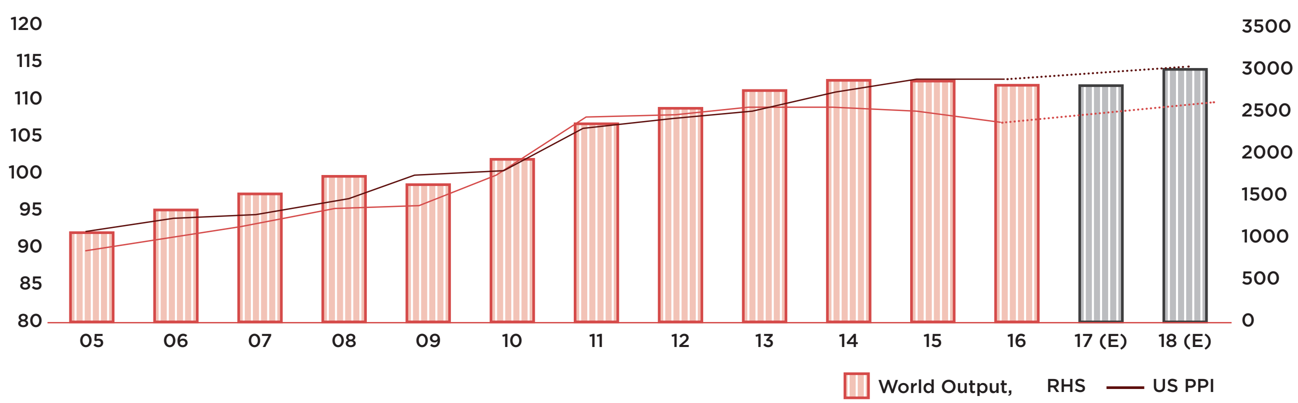
Source: UN Comtrade and Wazir Advisors

The first half of 2016 proved challenging for the textile and clothing (T&C) industry as global economy failed to break the +3% GDP growth rate. The T&C output weakened by 1.5% due to prolonged lower demand that lead to deflationist spiral.

Excluding China, the textile producer prices remained stable for most of the economies. In 2016, the US PPI (Picks Per Inch) was down by 1.2% on an average, while India's shed 1.8%. Due to this, the international trade which accounts for a third of total textile and clothing output experienced a loss of US$ 40bn worth of business. The T&C producer prices are expected to rise in the US and China to +0.5% in 2017. It is further predicted to rise +1.5% for China in 2018.

T&C world sales vs. output prices

(USDbn)



Source: Oxford Economics, Euler Hermes

The high tariffs and regulations are already impeding textile sector growth. Though, if the international trade environment continues to be steady than exports are estimated to rise by +3.5% to US$ 925 billion in 2017.

Slowdown in China presents behemoth of opportunity
Over the last three decade, China has been the undisputed leader with 39% market share in the global trade. The exports have played a pivotal role in the economic success of China. Between 2001 and 2014, Chinese apparel exports increased more than 5 folds from US$ 54 billion. to US$ 193 billion., growing at 10% CAGR on the back of leveraging its large human resource base, low manufacturing costs and large scale infrastructure.

However, after economic crisis in 2009, in the recent years, China's growth in the global textile and apparel trade has slowed down from ~15% to ~4% in 2014. This trend is expected to continue in the future as well.

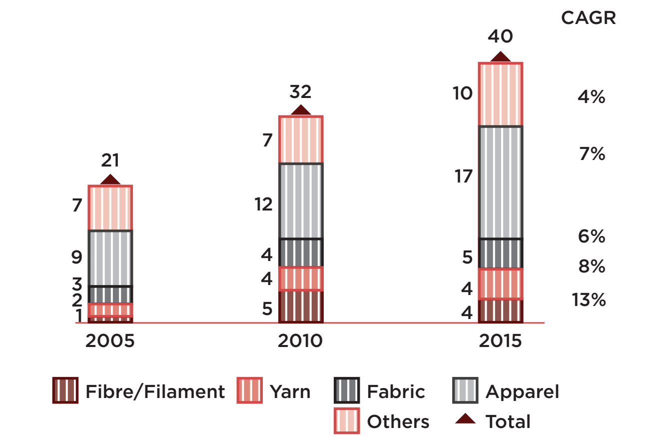
Key factors for slowdown are as follows:
1) Increase in domestic demand
2) Rising wage growth
3) Increasing focus towards value added segments

Source: Wazir Advisors

- **Indian Textile Industry and Trade**
  The Indian Textile Industry is one of the leading textile industries in the world. It is one of the key sectors of India's manufacturing segment as it contributes significantly to the economy in terms of employment generation and foreign exchange revenue.

  The Domestic Textile and Apparel Industry in India is projected to reach USD 223 billion by 2021 from USD 137 billion in 2016. The total textile and apparel exports of India stood at ~US$ 40 billion in 2016 and is expected to increase to US$ 82 billion by 2021. Apparel is the largest exported category in India's exports with a dominant share of 43%. It is followed by the exports of "others" category which includes home textile products, made ups and handicrafts. "Others" category contributed a share of 25% in the total textile and apparel exports of India.

India's Textile and Apparel Exports US$ bn



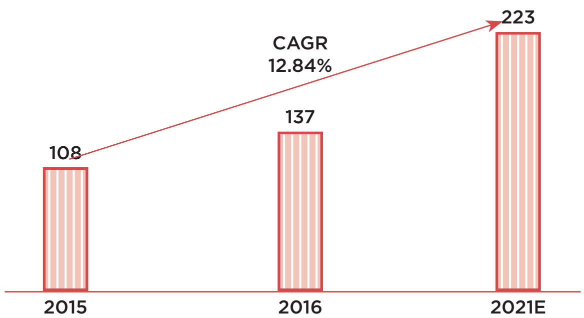
Source: DGCIS, Ministry of Commerce, EPCH

Key Facts

- Indian Textile Industry accounts for about 24% of world's spindle capacity and 8% of global rotor capacity. India accounts for 63% of the market share of textiles and garments.
- For FY 2016-17, India was the largest producer of cotton with a production of 6,106 million kg.
- India accounts for about 14% of the world's production of textile fibres and yarns; 4% to India's GDP and 15% to the Country's export earnings.
- Cost-effective manufacturing facilities (Indian spinning sector most efficient in the world)

Projection of Domestic Textile and Apparel Industry in India

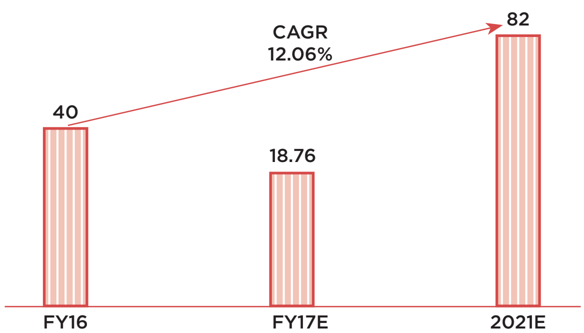
USD bn



Source: IMF, E: Expected

Projection of Textile and Apparel Export from India

USD bn



Source: IMF, E: Expected

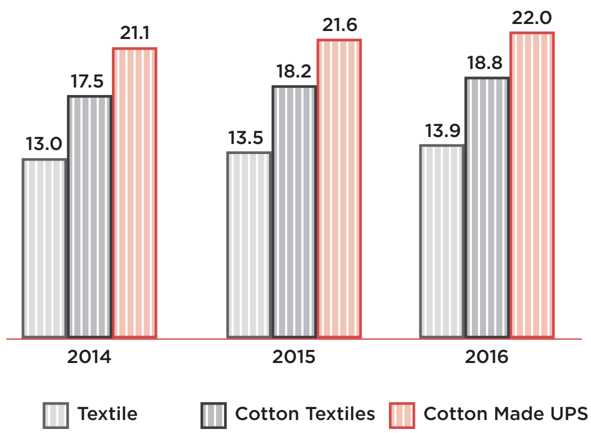
India is the third largest exporter of textiles in the world after China and USA. USA is the largest textile importer in the world followed by China, Vietnam, Germany and Italy. India's main export partners for textiles are the USA and the EU. India's share in the largest single country market – USA is growing consistently.

The domestic textile and apparel indutry in India is Projected to reach USD223 billion by 2021 from USD137 billion in 2016

Textile & Apparel exports from India is expected to increase to USD82 billion by 2012 from USD40 billion in 2016

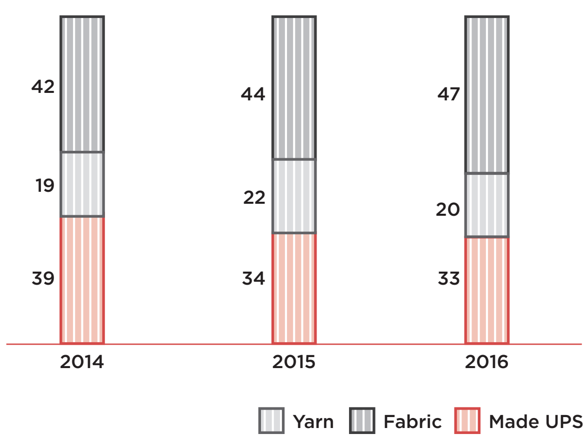
India market share in USA largest 'Single Market'

(%)



Share of Madeups in Indian Cotton Textile Exports

(%)

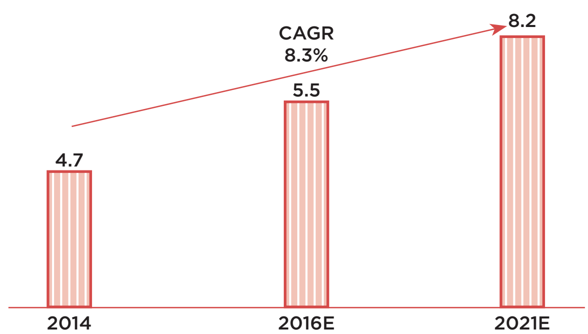


Indian Home Textile Industry – Growing Expectation

Over the past few years, Indian products have gained an increased market share in the global home textiles and accounts for 7% of global home textiles trade. India has positioned itself as a market leader in the USA and the UK due to its superior quality products, contributing two-third to their exports. Rising household income, increasing population and growth of end-use sectors like housing, hospitality, healthcare and so on are bolstering growth in the home textiles segment.

India's home textile industry is expected to grow at a CAGR of 8.3% during 2014-21 to USD 8.2 billion in 2021 from USD 4.7bn in the USA. The total retail value of the global home textiles sector is expected to reach US$ 131.5 billion by 2020, registering a CAGR of 3.5%. Currently, China, the USA, and Europe are dominating the global home textiles market as the largest consumers, while Asian countries such as China, India, and Pakistan are some of the largest suppliers for the global home textiles market.

Indian home textile industry USD bn



Source: Indian Brand Equity Foundation (IBEF)

Ministry of Textiles approved ₹ 6,000 Crores special package for the garments and made-ups sector. This includes additional incentives for duty drawback scheme for garments, flexibility in labour laws to increase productivity, and tax and production incentives.

Global home textiles market at retail end
(figures in USD billion)

86
2016

96
2017E

131
2020E

Source: Source: Global and Indian Textile Appreal Trade-Techpak Analysis

Indian companies have become more competitive in the home textiles market over the last 5-7 years and have continued to gain market share in the USA home textiles market over 2009-2016; however, their share in exports to EU has remained stagnant as Indian imports into EU attract 6%-9% duties while Bangladesh and Pakistan have duty-free access to EU.

Exports in Textiles and apparel sector stood at USD 40 Billion in 2015.

Favourable Government schemes for Textiles

The Government of India (GOI), National Textile Policy, vision document projects the Indian textile and apparel exports to grow from US$40 billion from 2015 to US$ 300 billion by 2025.

In the year 2016-17, the Ministry of Textiles has taken various measures and initiatives for the development of the textile sector, with a focus on boosting employment generation, investment, production and export promotion.

The newly launched government initiatives will give the Indian textile industry the much needed attention which will influence the sector in generating more lucrative employment, increase exports, as well as reinforce India's global position in the Textile Industry.

GST Will Bring in an Organised, Efficient Textile Value Chain

GST would be a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India, to replace taxes levied by the central and state governments. GST will result into transparency in the system, enable robust tracking of movement of goods across states, higher compliance and widen the tax base (unorganized segment will also come under the purview of tax). Over the time, GST will accelerate the formalization of economy, reduce the impact of indirect taxation and will further accentuate the growth of the organized segment.

Cotton Overview

Cotton is the key raw material for manufacturing home textiles and consumes 20%-30% of the operating costs. India is the second largest exporter of cotton after the USA. China with its huge domestic demand is left with inadequate quantities for export while Bangladesh and Vietnam with limited cotton production are not exporting cotton at all. Abundant availability of raw materials such as cotton, wool, silk, jute and skilled workforce have made India a sourcing hub. It is the world's second largest producer of textiles and garments.

India has the highest acreage for cotton as compared to the other major cotton producing countries in the world. However, it has the lowest yield among the major cotton producing nations. In 2015-16, during the cotton season, India significantly surpassed China to become the largest producer of cotton. This was due to Chinese policy of introducing target price based subsidy instead of earlier minimum support price-based (MSP) subsidies which made cotton production in China less lucrative than was the case before 2014. The Chinese policy made production in China declined significantly in cotton season 2015-16.

In 2016, the world cotton textile imports declined 4.2% y-o-y mainly due to lower demand from the USA and China. Despite the overall slowdown in cotton textile global imports, India's cotton textile exports to both the USA and the EU increased by 1.8% and 2% y-o-y in 2016. On the other hand, China's cotton textile exports to the EU and the USA declined 3.5% and 6.1% respectively. Thus overall, the Indian home textile industry is gaining traction due to favourable weather conditions. India is making efforts to improve its cotton yield level by adopting better production practices, high end technology, crop and seed improvements, including high density planting system and better post harvesting processing. All these measures will boost up the yield level of the country.

The total area under cotton is expected to go up by 5% globally to 30.8 mn hectares in the 2017-18 cotton year (July-June). According to International Cotton Advisory Committee (CAC), in India the total areas under cotton is projected to increase by 7% to 11.3 mn ha in 2017-18, as farmers are encouraged by better returns due to high cotton prices and improved yields in 2016-17.

Outlook

The future of the industry looks promising as both domestic consumption and international demand are expected to rise. The demand for domestic home textiles is expected to rise driven by the growing working class, increasing affluence of the average Indian and growing trend towards nuclearisation. According to the Ministry of Textiles, the local textile and apparel industry in India is estimated to reach US$ 223 billion by 2021 from US$ 108 billion in 2015.

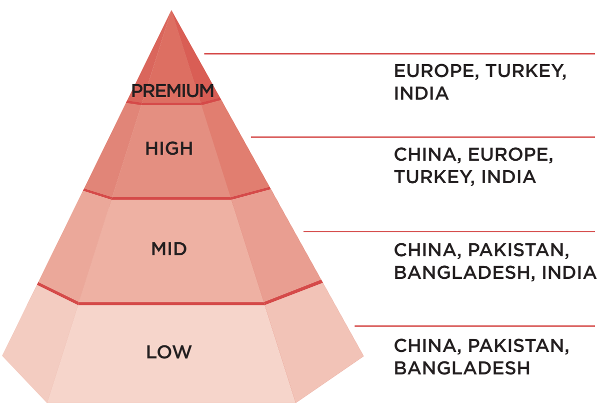
Company Overview

Incorporated in 1988, Indo Count is a focused player on bedding — a niche segment of home textile market. Indo Count is the second largest manufacturer and exporter of bed linen from India; amongst the top three bed sheet suppliers in the USA and eleventh largest global home textiles supplier to the USA. We exports to more than 54 countries with major revenues derived from the

USA (the company's largest market); its other markets comprise UK, Canada, Europe, MENA and Australia etc. The company exports to international clients such as Wal-Mart, JC Penny, Target, Bed Bath and Beyond, Macy's, John Lewis, etc.

Highlights during FY 2016-17

- Expanded product offering from 'Sheet Set' to Fashion, Utility and Institutional Bedding.
- Moved up the value chain with the introduction of premium products.
- Awarded Silver Trophy from TEXPROCIL for 2nd consecutive year for 2nd Highest Export of Bed Sheets/Bed Linen/Quilts from India.



- Indo Count Retail Ventures Pvt. Ltd., our subsidiary commenced domestic operations from October 2016. Launched "Boutique Living", an aspirational brand in Domestic Indian Market with an objective to bring premium quality products to Indian consumers. It is Brand and currently being sold through Multi Brand Outlets (MBO), Large Format Stores (LFS) and through e-commerce platform. At a very short span, with wider acceptability, the product has reached more than 57 cities through more than 234 stores in India.
- Increased processing capacity from 68 mn metres/annum to 90 mn meters/annum in 2016.
- Completed setting up of state-of-the-art RO and water effluent water treatment plant.
- Automation of cut and sew and warehousing.
- Phase 2 of Capacity Expansion under process.
- ICRA and CARE upgraded the credit rating from "ICRA A" to "ICRA AA-" (Double A minus) with outlook as Stable and from "CARE A" to "CARE AA –" for Company's Long Term Bank Facilities and ICRA A1" to " ICRA A1+ (A One plus)" and from "CARE A1" to "CARE A1+" for short term bank facilities signifying high degree of safety carries very low credit risk.
- Certified with Egyptian Gold Seal Certificate
- Paid interim dividend @20% per equity share of face value of ₹ 2/- each and recommended final dividend @20% for the year 2016-17 (subject to approval of members); total dividend outflow would be 40% (i.e. ₹ 0.80 per equity share of face value of ₹ 2/- each)
- Three new brands viz. Harlequin, Sanderson and Scion, licensed through Walker Greenbank PLC UK, having presence in UK & Australia were introduced in North America.

- In 2016 introduced three big lifestyle brands "Boutique Living", "Revival" and "The Pure Collection" in the USA market. The brands were positively accepted by the customers.

Well Established Cotton Bed Linen Provider in the 'Mid to High' Segments

Outlook

One of the cornerstones for our outstanding performance has been the concrete and timely execution of our thought-driven strategies. innovation for the future has been one of our core competencies for which we have laid emphasis on product development and we have set up our own design-cum-R&D team. With a strong fashion brands, tapping newer geographies, acquiring new clients and with strong order book visibility, we are confident of achieving a strong financial performance in the years to come. We are taking a long term view of the industry and is optimistic to increase turnover and margins from the current position. We are confident of our inherent strengths, and are dedicated to meet the expectations of our customers. India is moving on to a higher growth trajectory and Indo Count is well versed with all the right ingredients and is all the more confident to surpass the growth in times to come. We are proactively aggressive to ride the next phase of growth in India.

SWOT ANALYSIS

Key Strengths

- **Brand Prominence**
  Our brand positioning reflects the concept behind product designing, leaving a strong imprint on brand recall. We collaborate with our license partners to ensure brand consistency and maintain overall visual integrity.

- **Strong Positioning**
  We are positioned as a niche player in the bed linen category of the home textiles segment..

- **Esteemed Client Base**
  We have developed strong relationship with key customers across several countries.

- **Differentiation through innovation**
  We have a strong customer evaluation focus and position our products in line with evolving market demand.

- **Proven Market Expertise**
  Our strong branding and marketing team has helped us move up the value chain and foray into new market. We are also learning the ropes of the e-commerce business.

- **In-house R&D and designer team**
  Our efficient team initiates product development constantly, which helps us to innovate and provide a wide spectrum of designs, focusing on preferences of customers.

- **Customer-eccentricity**
  Our customers expect innovation from us, and we strive to deliver it. We cater to both informed and impulsive buyers by positioning our product range according to their aspirations.

- **Wide Range**
  We provide a wide range of matching sheets, comforters, duvets, pillows, shams, quilts and any other bedding solutions, required for a comforting sleep experience.

- **Technology Advancement**
  We use advanced equipment from around the world in our state-of-the-art facilities. Our technology provides the best-in-class bed linen quality across categories.

Weaknesses

The Company operates in single business segment. Further, catering to high - mid to premium product profile, the customers are largely concentrated in the international market, especially in the USA, and EU. In India, the target segment is limited to the affluent classes. Though India has a huge potential for retail textile business, however the fiscal policies, per capita income, economic conditions and unorganized market are the other factors for the growth in domestic market.

Opportunities

- **Rising disposable income -** Rising disposable incomes and evolving lifestyles of India's prospering urban consumer, are broadening their clothing needs. Today, Indians are more inclined to buy apparels for a specific purpose, than consumers in other markets.

- **Fast Fashion -** Rising urbanisation leads to increase in demand for new designs and fashions to match new lifestyles.

- **Growing exports -** India has overtaken advanced economies like Germany and Italy to emerge as the world's second largest textile exporter but lags behind China, whose exports are nearly seven times higher. This presents a huge opportunity for the industry in the coming years. The advanced economies are expecting a slowdown in exports from 3.5% in 2017 to 3.2% in 2018. Whereas, the EMDE's are projected to grow from 3.6% in 2017 to 4.3% in 2018.

- **High Industrial growth-** Average yearly growth rate for the Indian textile industry ranges from 6%-8%. With production costs getting higher in China, it is quite likely for the international players to move into India for meeting their demands. This will allow the industry to grow in the near future.

- **Foreign Direct Investment (FDI) -** The Indian government has positioned the textile industry to be one of the most important manufacturing sectors that would lead the country in its pursuit to become a manufacturing hub. In order to improve the functions and operations of the industry and to ensure industrial growth, the Government has allowed 100% FDI in the textile sector.

Threats

International Competition, absence of FTAs with major markets, volatility in raw material prices, the threat of protectionism and anti-globalisation sentiments in the USA and EU are some of the threats that may affect the Company.

Financial Highlights (Consolidated) Snapshot

(₹ In Crores, except EPS)

Year	2016-17	2015-16*
Revenue	2,258	2,111
EBIDTA	428	465
PBT	353	379
PAT	232	251
Cash Profit	323	312
EPS	11.76	12.73
Net Debt to Equity	0.34 X	0.60 X
Interest Cover	9.38 X	7.89 X

*Figures of FY 2015-16 are restated as per IND AS

Risk Management

Nature of Risk	Definition and impact	Mitigating factors
Economic Risk	The textile industry from the perspective of our product offerings are directly linked with the macroeconomic scenario of the world. Any slowdown in the global economy can impact our top line.	Despite global economy being volatile, major advanced and emerging economies have been able to sustain growth. Consumption driven investments are on the rise in several economies, leading to increased demand for apparels and fashion.
International Competition Risk	There are many emerging countries where production costs are relatively lower than that of India. This might lead the foreign brands to move to those countries.	We are committed to provide products with quality at competitive pricing plus timely delivery of same quality holds the key. We continue to focus increasing our market share and strong R&D, Quality and timely delivery that help create differentiation and provide optimum service to customers.
Currency Volatility	As the company deals in the international market, we are exposed to the currency volatility which poses surprise element in our financials.	The company manages the currency risk continuously by monitoring exposures. Also, maximum portion of the foreign currency is hedged to mitigate any adverse movements in currency valuations. Since the Company is in made-to-order business, the exchange rates at which orders are secured is known to it and the Company follows the policy of entering foreign currency forward contracts of 6 months to 12 months tenure on receiving orders from clients. This approach allows the Company to manage the currency risk in a more defined manner.
Raw Material Price Risk	Cotton is the major raw material used by the Company. Volatility in prices impacts the overall cost of production. Such a scenario might impact our margins.	We follow a prudent raw material policy. As the business is completely 'Made to Order' which gives us visibility to raw materials better. We book our raw materials as soon as there is order clarity and we also hold an inventory for 3-4 months. We export all our products from our fully integrated manufacturing facility at Kolhapur, Maharashtra.
Environmental and other regulatory risk	In order to save our environment, every industry must focus on achieving sustainable growth and application of process leaving minimal impact on the mother earth. Further, utmost care need to be taken to ensure compliance of the applicable environmental laws as well as other statutes applicable to the Company.	• Adherence to current norms is being ensured • Technology/equipment upgradation is being planned proactively • Continuous monitoring of regulatory changes to ensure compliance with all applicable regulations • Internal Audit Programme ensures effective checks on compliance management

Internal Control System

The Company has a defined systems of internal controls for financial reporting of transactions and compliance with relevant laws and regulation commensurate with its size and nature of business. The Company also has a well defined process for on going management reviews and periodic reinterview of businesses as a key operational controls wherein the performance of divisions are reviewed against budgets and corrective actions are taken to ensue alignment with strategic objectives.

The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures. Based on their recommendations, the Company has implemented a number of control measures both in operational, internal control and accounting related areas, apart from security related measures.

Human Capital

Our employees are our greatest asset and we are committed to attract, retain and recognize talent. We believe in providing our employees career growth while boosting a collaborative and fair working environment. Being entrepreneurial in spirit, we encourage fresh minds and new ideas.

We believe that our integrated yet decentralised way of working provides our employees with the opportunity to develop leadership capabilities and business acumen as they balance their professional knowledge with insights and perspectives gained through local market experience and customer relationships. At Indo Count, we support the professional development of our employees. We believe in providing them both vertical and lateral growth through training programmes, on-the-job opportunities and rewards and recognition to encourage superior performance and a competitive mind-set.

Cautionary Statement

Statements in this document/discussion relating to future status, events, or circumstances, including but not limited to statements describing the Company's objectives, projections, estimates and expectations maybe 'forward looking statements' within the meaning of applicable laws and regulations. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those either expressed or implied in the statements. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the market in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

BOARD'S REPORT

Dear Members,

On behalf of the Board of Directors ("the Board"), it gives me immense pleasure to present the Twenty Eighth Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March, 2017.

FINANCIAL RESULTS

(₹ In Crores, except EPS)

Particulars	Standalone		Consolidated	
	2016-17	2015-16*	2016-17	2015-16*
Total Revenue	2,084.74	2,048.63	2,257.80	2,110.60
EBIDTA	418.71	443.80	428.45	464.52
Less: Finance Cost	39.43	51.70	42.13	55.08
Less: Depreciation	31.18	28.84	33.13	30.14
Profit before Tax	348.10	363.26	353.19	379.30
Tax Expenses	120.07	125.58	121.14	127.99
Net Profit	228.03	237.68	232.05	251.31
Other comprehensive income (net of tax)	(1.11)	0.91	2.22	(10.00)
Total Comprehensive income	226.92	238.59	234.27	241.31
Basic & Diluted EPS (in ₹)	11.55	12.04	11.76	12.73
Cash Profit	312.38	308.10	322.55	311.56
Retained Earnings	787.07	574.40	806.70	590.93

*Figures of FY 2015-16 are restated as per IND AS

OPERATIONAL AND FINANCIAL PERFORMANCE OVERVIEW

The year 2016-17 was a year of consolidation for your Company. During the year under review, your Company showcased its operational excellence along with consistent financial performance on the top line.

At a consolidated level, your Company scaled new heights by achieving total revenue of ₹ 2257.80 Crores as against ₹ 2110.60 Crores in the previous year, thereby registering top-line growth of 7%. Your Company reported EBIDTA and net profit of ₹ 428.45 Crores and ₹ 232.05 Crores respectively. The long term debt equity ratio has reduced from 0.09 to 0.03 and EPS stood at ₹ 11.76 for the year ended 31st March, 2017.

On a standalone basis, total revenue stood at ₹ 2,084.74 Crores for the year ended 31st March, 2017 as against ₹ 2,048.63 Crores in the previous year. Further, your Company achieved EBIDTA and net profit of ₹ 418.71 Crores and ₹ 228.03 Crores respectively.

Against the backdrop of challenging market environment, your Company's business continues to track ahead satisfactorily on the back of dynamic response to market trends, enduring customer relationships, "Customer First approach" and strong product portfolio.

Your Company exports to more than 54 countries and has a successful track record in global market as a key supplier of bed linen to major retail, hospitality and fashion brands. Continuing focus on export markets, your Company efficiently retained existing business and at the same time diligently worked towards expanding into newer geographies and acquiring new customers.

During the year under review, your Company launched three licensed brands namely "Harlequin", "Scion" and "Sanderson" in North America within the fashion bedding segment.

In FY 2016-17, your Company ventured in domestic home market through its subsidiary viz. Indo Count Retail Ventures Private Limited (ICRVPL). ICRVPL introduced brand "Boutique Living", an aspirational brand, in India which has already been successful in the USA. Boutique Living is sold through Multi brand outlets, large format stores and E-commerce across 57 cities in India.

Apart from showrooms in UK, USA and Australia, during the year under review, your Company has set up a 9,200 sq. ft. experential showroom at New York with a capacity to display 32 beds so that customers can touch and feel array of product on offer. Further, in order to reach out to different customers, your Company has been showcasing its collections at various international exhibitions and trade fairs.

The business operations, overview and outlook are provided in detail in the Management Discussion and Analysis.

DIVIDEND

During the year under review, pursuant to the approval of the Board, your Company paid interim dividend @20% i.e. ₹ 0.40 per equity share of face value of ₹ 2/- each.

Your Directors are pleased to recommend a Final Dividend @ 20% i.e. ₹ 0.40 per equity share of face value of ₹ 2/- each subject to the approval of members of the Company at the ensuing Annual General Meeting. If approved by the members, the total dividend payout for FY 2016-17 will be 40% i.e. ₹ 0.80 per equity share of face value of ₹ 2/- each aggregating to ₹ 19.02 Crores (including dividend distribution tax) (previous year ₹ 9.50 Crores).

The aforesaid dividends are in line with the Dividend Distribution Policy adopted by the Company.

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") top five hundred listed entities based on market capitalization are required to formulate a Dividend Distribution Policy. Accordingly, the Board of your Company has approved and adopted Dividend Distribution Policy which is given separately and forms part of this Annual Report. The Dividend Distribution Policy is also uploaded on the website of the Company and web-link for the same is www.indocount.com/images/investor/Dividend-Distribution-Policy1.pdf

AWARDS AND RECOGNITIONS

Your Company continues to deliver unmatched performance amongst its peers and has been conferred with awards every year. During the year under review, your Company was awarded Silver Trophy from TEXPROCIL for the 2nd highest exports of made - ups in "Bed Linen/Bedsheets/Quilts" under the Category – III for the year 2015-16; for the second consecutive year.

Some of the other accolades and recognitions received by your Company are:

- AI 2017 Business Excellence Award by AI Global Media Company;
- Second largest manufacturer and exporter of bed linen from India;
- Amongst top 3 Bed sheets exporter to the USA;
- 11th largest supplier of Home Textiles to the USA;
- One of the India's Fasted Growing Companies – Rated by Business World – Edition April, 2017.

SHARE CAPITAL AND SUB-DIVISION OF EQUITY SHARES

In order to improve the liquidity of your Company's shares and with a view to encourage the participation of small investors by making Equity Shares of the Company affordable, your Company sub-divided the Equity Shares of the Face Value of ₹ 10/- each to Face Value of ₹ 2/- each w.e.f. 15th November, 2016 ("Record Date"). Accordingly, 39,479,934 Equity Shares of ₹ 10/- each were sub-divided into 197,399,670 Equity Shares of ₹ 2/- each. There was no change in the total issued, subscribed and paid up share capital of the Company.

As on 31st March, 2017, the total issued, subscribed and paid up share capital of your Company stood at ₹ 394,799,340/- comprising of 197,399,670 Equity Shares of ₹ 2/- each.

In view of sub-division of equity shares, the Authorised Share Capital of the Company was also altered and as on 31st March, 2017, the Authorised share Capital of your Company was ₹ 60 Crores comprising of 27,50,00,000 equity shares of ₹ 2/- each and 50,00,000 preference shares of ₹ 10/- each.

During the year under review, your Company has not issued any equity shares with differential voting rights or sweat equity shares. Further, your Company does not have any employee stock option scheme or employee stock purchase scheme.

CREDIT RATING

Your Directors are glad to inform that during the year under review, ICRA and CARE upgraded the credit rating from "ICRA A" to "ICRA AA-" (Double A minus) with outlook as Stable and from "CARE A" to "CARE AA –" for Company's Long Term Bank Facilities (Term Loans/ Fund Based Facilities) signifying high degree of safety regarding timely servicing of financial obligations. Such facilities carry very low credit risk.

Further, for the Company's short term bank facilities, ICRA and CARE upgraded the rating from "ICRA A1" to " ICRA A1+ (A One plus)" and from "CARE A1" to "CARE A1+" which is the highest rating indicating very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk.

The upgradation of said ratings by ICRA and CARE demonstrates your Company's strengthened leading position in the niche Home Textiles segment coupled with sustained cash accruals generated in the business which has led to a consistent strong operational and financial performance.

ADOPTION OF INDIAN ACCOUNTING STANDARDS

In accordance with the notification issued by the Ministry of Corporate Affairs (MCA), your Company is required to prepare financial statements under Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards Rules, 2015) and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect from 1st April, 2016. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014.

Accordingly, your Company has adopted Indian Accounting Standard ("Ind AS") with effect from 1st April, 2016 with the transition date of 1st April, 2015 and the Financial Statements for the year ended 31st March, 2017 have been prepared in accordance with Ind AS. The financial statements for the year ended 31st March, 2016 have been restated to comply with Ind AS to make them comparable.

The MCA notification also mandates that Ind AS shall be applicable to Indian Subsidiary Companies, Joint Venture or Associates of the Company. Hence, your Company and its Indian Subsidiaries have prepared and reported financial statements under Ind AS w.e.f. 1st April, 2016, including restatement of the opening balance sheet as at 1st April, 2015.

The effect of the transition from IGAAP to Ind AS has been explained by way of reconciliation in the Standalone and Consolidated Financial Statements.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and forms part of this Annual Report.

A copy of the Audited Financial Statements of the Subsidiaries shall be made available for inspection at the Registered Office of the Company during business hours on any working day upto the Annual General Meeting. Any shareholder interested in obtaining a copy of separate Financial Statements of the subsidiaries shall make specific request in writing to the Company Secretary. The Audited Financial Statements of the subsidiaries are also available on the website of the Company at www.indocount.com.

SUBSIDIARIES

During the year under review, your Company has acquired 82.5% stake in Indo Count Retail Ventures Private Limited (ICRVPL) thereby ICRVPL become subsidiary of your Company, w.e.f. 24th August, 2016.

As on 31st March, 2017, your Company has 5 subsidiaries namely Pranavaditya Spinning Mills Limited, Indo Count Global Inc, USA, Indo Count UK Limited, Indo Count Australia Pty Ltd. and Indo Count Retail Ventures Private Limited. Your Company does not have any Associate Company pursuant to the provisions of the Companies Act, 2013 and has not entered into any joint venture agreement.

Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013 read with rules made thereunder, a statement containing salient features of the financial position of subsidiaries is given in Form AOC-1 attached as "Annexure 1" forming integral part of this Report.

There is no material subsidiary in terms of Regulation 16 of the Listing Regulations. However, your Company has adopted a policy for determining material subsidiaries, which can be accessed at http://www.indocount.com/images/investor/ICIL-Policy-on-Material-Subsidiaries.pdf.

Performance of Subsidiaries

Pranavaditya Spinning Mills Limited

Pranavaditya Spinning Mills Limited (PSML) is a Listed Indian subsidiary of your Company. Indo

Count Industries Limited ("ICIL") has 74.53% of Equity shareholding of PSML. The Company is mainly engaged in spinning of cotton and manufacturing of yarn. The plant of the Company is situated at Kolhapur, Maharashtra.

For the year ended 31st March, 2017, turnover of the Company stood at ₹ 5856.21 Lakhs (Previous Year - ₹ 6081.25 Lakhs). The Company incurred loss of ₹ 56.77 Lakhs for the year ended 31st March, 2017 (Previous Year loss - ₹ 33.48 Lakhs). This was mainly due to high volatility in cotton price.

Indo Count Global Inc

Indo Count Global Inc (ICGI) is a wholly owned foreign subsidiary of your Company. ICGI was incorporated in the state of Delaware, USA in the year 2011. The main activity of the Company is wholeselling of linens. Turnover of the Company for the year ended 31st March, 2017 stood at ₹ 32,480.29 Lakhs (Previous Year ₹ 39,789.85 Lakhs). The profit after tax for the year ended 31st March, 2017 stood at ₹ 276.85 Lakhs as compared to ₹ 521.04 Lakhs in the previous year.

Indo Count UK Ltd

Indo Count UK Ltd (ICUKL) is a wholly owned foreign subsidiary of your Company. ICUKL is incorporated in London. The Company is engaged in trading of products of ICIL. Being the first year of commencement of the business, total turnover of the Company as on 31st March, 2017 stood at ₹ 159.32 Lakhs. The Company incurred loss of ₹ 4.35 Lakhs for the year ended 31st March, 2017.

Indo Count Retail Ventures Private Limited

Indo Count Retail Ventures Private Limited (ICRVPL) is a subsidiary of your Company.

Being first year of operations, as on 31st March, 2017, turnover stood at ₹ 387.21 Lakhs and the Company incurred a loss of ₹ 24.43 Lakhs.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, there were changes at the Board level as given below:

- Mr. Anil Kumar Jain, Chairman and Managing Director, stepped down from the position of "Managing Director" and continues to be an Executive Chairman of the Company w.e.f. 9th May, 2016.
- Pursuant to the recommendation of Nomination and Remuneration Committee, the Board of Directors of your Company appointed Mr. Mohit Anilkumar Jain as an Additional Director and Managing Director of the Company for a period of 5 years w.e.f. 9th May, 2016, as part of a long term succession plan. The said appointment of Mr. Mohit Jain was approved by the members at the Annual General Meeting held on 26th July, 2016.
- Mr. R. N. Gupta, Joint Managing Director was associated with the Company from the year 1996 and had played a vital role in the growth of the Company. However, owing to his advanced age, he expressed to the Board that he shall not be in a position to devote his full time to manage the affairs of the Company and hence resigned from the position of Director designated as "Joint Managing Director" of the Company w.e.f. 9th May, 2016. The Board placed on record its appreciation for contributions made by him during his tenure as Joint Managing Director of the Company.

At the Annual General Meeting of the Company held on 26th July, 2016, Mr. Anil Kumar Jain, Executive Chairman, Mr. Kailash R. Lalpuria, Executive Director and Mr. Kamal Mitra, Director (Works) were re-appointed for a period of three years w.e.f. 1st October, 2016.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Kailash R. Lalpuria, Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for the re-appointment. The Board recommends his re-appointment for consideration of the members at the ensuing Annual General Meeting. Members are requested to refer the Notice of the ensuing Annual General Meeting for brief profile and other related information of Mr. Kailash R. Lalpuria, Director retiring by rotation.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations.

During the year under review, the Board noted with deep regret sad demise of Mr. R. Sundaram, Chief Financial Officer of the Company on 28th July, 2016 and recorded its appreciation for the contribution made by Mr. R. Sundaram during his tenure with the Company.

Pursuant to the recommendation of Nomination and Remuneration Committee and Audit Committee, Mr. Dilip Kumar Ghorawat was appointed as the Chief Financial Officer of the Company w.e.f. 12th September, 2016.

In terms of Section 203 of the Companies Act, 2013, as on 31st March, 2017, Mr. Anil Kumar Jain, Executive Chairman, Mr. Mohit Jain, Managing Director, Mr. Kailash R. Lalpuria, Executive Director, Mr. Kamal Mitra, Director (Works), Mr. Dilip Kumar Ghorawat, Chief Financial Officer and Mrs. Amruta Avasare, Company Secretary are Key Managerial Personnel (KMP) of the Company.

NUMBER OF BOARD MEETINGS

During the year under review, Five (5) Board Meetings were held on 7th May, 2016, 8th June, 2016, 23rd August, 2016, 25th November, 2016 and 11th February, 2017. The maximum interval between any two consecutive Board Meetings did not exceed 120 days.

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Your Company has adopted Nomination and Remuneration Policy for the appointment and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Nomination and Remuneration Policy is given in the Corporate Governance Report.

ANNUAL EVALUATION OF BOARD PERFORMANCE AND ITS COMMITTEE AND DIRECTORS

Criteria of performance evaluation of the Board of Directors including Independent Directors are laid down by the Nomination and Remuneration Committee of the Company. Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out performance evaluation of its own, evaluation of working of the committees and performance of all Directors based on the parameters specified in the Corporate Governance Report. A structured questionnaire containing the parameters of performance evaluation was circulated to all the Directors. A separate meeting of Independent Directors of the Company was held on 21st April, 2016 in which Independent Directors inter-alia reviewed performance of Executive Chairman and other Non-Independent Directors. The Board expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3) (c) and 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state and confirm that:

1. in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

2. such accounting policies as mentioned in the notes to the Financial Statements for the year ended 31st March, 2017 have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;

3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. the annual financial statements for the year ended 31st March, 2017 have been prepared on a going concern basis;

5. internal financial controls to be followed by the Company have been laid down and that the said financial controls were adequate and were operating effectively;

6. proper systems to ensure compliance with the provisions of all applicable laws have been devised

and such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

Your Company recognizes the vital role played by society at large in its growth and development and strives to discharge its social responsibility as a corporate citizen. The key philosophy of all our Corporate Social Responsibility (CSR) initiatives is guided by our belief "**Every Smile Counts ...**". Our CSR projects focus on participatory and collaborative approach with the community. Over a period of last two years, your Company has emphasized CSR projects in the areas of Education, Healthcare, Women empowerment and Water and Sanitation.

Pursuant to the provisions of Section 135 of the Companies Act, 2013, the Board has constituted a CSR Committee headed by Dr. (Mrs.) Vaijayanti Pandit as the Chairperson of the Committee. Mr. Anil Kumar Jain and Mr. Kailash R. Lalpuria are members of the CSR Committee. Your Company has adopted a Corporate Social Responsibility (CSR) policy in compliance with the provisions of the Act and is available on web-link http://www.indocount.com/images/investor/ICIL-CSR-Policy.pdf.

Your Company implements the CSR projects through 'Indo Count Foundation' and has also collaborated up with other trusts for carrying out CSR Activities. The Report on CSR activities implemented by your Company during the year under review is provided as "Annexure 2" to this Report.

AUDIT COMMITTEE

During the year under review, Mr. Kailash R. Lalpuria, Executive Director was appointed as Member of the Audit Committee w.e.f. 9th May, 2016 in place of Mr. R. N. Gupta. As on 31st March, 2017, the Audit Committee comprises of Mr. P. N. Shah as Chairman, Mr. R. Anand, Mr. Prem Malik and Mr. Kailash R. Lalpuria. More details about the Audit Committee are given in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

STATUTORY AUDITORS

M/s. B. K. Shroff & Co., Chartered Accountants (Firm Registration No. 302166E) were appointed as the Statutory Auditors of the Company to hold office for a transition period of 3 years i.e. from the conclusion of the 25th Annual General Meeting (AGM) of the Company held on 23rd August, 2014 till the conclusion of the 28th AGM of the Company. The term of M/s. B. K. Shroff & Co., Chartered Accountants as the Statutory Auditors is till the conclusion of ensuing Annual General Meeting of the Company.

The Board of Directors of the Company place on record its appreciation to the services rendered by M/s. B. K. Shroff & Co., Chartered Accountants as the Statutory Auditors of the Company.

In accordance with the provisions of Section 139 of the Companies Act, 2013, M/s. Suresh Kumar Mittal & Co., Chartered Accountants (Firm Registration No. 500063N) are proposed to be appointed as the Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of the ensuing 28th AGM till the conclusion of 33rd AGM subject to the ratification by the members at every AGM.

M/s. Suresh Kumar Mittal & Co, Chartered Accountants, have consented to the said appointment, and have confirmed that their appointment, if made, will be in accordance with the provisions of Section 139 read with Section 141 of the Companies Act, 2013.

Accordingly, the Board of Directors of the Company recommends the resolution in relation to the appointment of M/s. Suresh Kumar Mittal & Co., Chartered Accountants, as Statutory Auditors of the Company and fixation of their remuneration for approval of the members of the Company.

AUDITORS' REPORT

The Auditors' Report on standalone and consolidated financial statements forms integral part of this Annual Report. The Auditors' Report does not contain any qualifications, reservations, adverse remarks, disclaimer or emphasis of matter. Notes to the Financial Statements are self-explanatory and do not call for any further comments.

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force).

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules thereunder, the Board has appointed M/s. Kothari H. & Associates, a firm of Company Secretaries in Practice to conduct Secretarial Audit of the Company for the year ended 31st March, 2017. The Secretarial Audit Report issued by them in Form No. MR-3 is provided as "Annexure 3" to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remark.

SEGMENT

The Company operates only in a single segment i.e. Textile Segment.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from public, under Chapter V of the Companies Act, 2013.

CAPACITY EXPANSION

The Board of Directors of the Company at its meeting held on 24th October, 2015 approved CAPEX of ₹ 175 Crores for Phase I towards:

i) Increasing processing capacity from current 68 million meters to 90 million meters

ii) Setting up a water effluent treatment / RO plant

iii) Automation of cut and sew and warehousing

Your Directors are pleased to inform that the capacity expansion under Phase I from 68 million meters to 90 million meters has been completed.

At the Board Meeting held on 7th May, 2016, the Board had approved CAPEX under Phase II for approximately ₹ 300 Crores. This Capital expenditure will be for upgrading the existing Spinning Facilities, Investments in additional Weaving (with specialized looms) and value added equipments for delivery of fashion and utility bedding. This expansion under Phase 2 is in progress.

CORPORATE GOVERNANCE REPORT

As per Regulation 34(3) read with Schedule V of the Listing Regulations, your Company has complied with the requirements of corporate governance. A Corporate Governance Report along with Statutory Auditors' Certificate confirming its compliance for the year ended 31st March, 2017 is provided separately and forms integral part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 of the Listing Regulations, Management Discussion and Analysis containing information *inter-alia* on industry trends, your company's performance, future outlook, opportunities and threats for the year ended 31st March, 2017, is provided in a separate section forming integral part of this Annual Report.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92 (3) of the Companies Act, 2013, the Extract of the Annual Return as on 31st March, 2017 in Form No. MGT-9 is provided as "Annexure 4" to this Report.

BUSINESS RESPONSIBILITY REPORT

Pursuant to the Regulation 34 of the Listing Regulations, Business Responsibility Report is mandatory to be published for top 500 companies based on market capitalisation as on 31st March, 2017. Your Company is amongst top 500 Listed Companies in India based on market capitalisation as on 31st March, 2017. Accordingly, Business Responsibility Report (BRR) for the year ended 31st March 2017 is given separately and forms part of this Annual Report.

RELATED PARTY TRANSACTIONS

All Related Party Transactions entered during FY 2016-17 were on an arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There were no material related party transactions during the year under review that would require approval of shareholders under Listing Regulations.

The prior omnibus approval of Audit Committee is obtained for all Related Party Transactions. A statement of all Related Party Transactions is reviewed by the Audit Committee on a quarterly basis. Your Company has adopted a policy on Related Party Transactions. The policy as approved by the Board has been uploaded on the Company's website and can be accessed at http://www.indocount.com/images/investor/ICIL-Policy-on-Related-Party-Transactions.pdf

Notes to the Financial Statements contains details of Related Party Transactions. Pursuant to Section 134 of the Companies Act, 2013, particulars of contracts / arrangements with Related Parties are provided in Form AOC-2 is provided as "Annexure 5" to this Report.

PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES, SECURITIES UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, your Company has not given any loan or provided any security. Your Company has invested in 8,250 Equity Shares of ₹ 10/- each of Indo Count Retail Ventures Private Limited and in 86,000 Shares of £ 1 each of Indo Count UK Limited. Particulars of investment and corporate guarantee on behalf of Indo Count Global Inc, USA are provided in Notes to the Standalone Financial Statements.

RISK MANAGEMENT

Your Company has adopted Risk Management Policy for risk identification, assessment and mitigation. Major risks identified by the Company are systematically addressed through mitigating actions on a continuous basis. Some of the risks that the Company is exposed to are financial risks, commodity price risk, regulatory risks and economy risks. Risk factors and its mitigation are covered extensively in the Management Discussion and Analysis. The Internal Audit Report and Risk Management Framework is reviewed by the Audit Committee.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, your Company has established a vigil mechanism for the Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected incidents of fraud or violation of Code of Conduct. The details of Vigil Mechanism/ Whistle Blower Policy are provided in the Corporate Governance Report. The Vigil Mechanism / Whistle Blower Policy may be accessed on the Company's website at www.indocount.com.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

In order to prevent sexual harassment of women at workplace, your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into complaints relating to sexual harassment at workplace of any woman employee. During the year under review, no complaints pertaining to sexual harassment were received and no complaint was pending as on 31st March, 2017.

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

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 134(3) (m) of the Companies Act, 2013 read with rules thereunder is given as "Annexure 6" forming part of this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 regarding remuneration of Directors, Key Managerial Personnel and other related disclosure is given as "Annexure 7" to this Report.

Information required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 viz. Details of top ten employees of the Company in terms of remuneration drawn during 2016-17 and particulars of employees drawing remuneration in excess of the limits specified in Rule 5(2) of said rules is provided in Annexure forming part of this report. As per the provisions of Section 136 of the Companies Act, 2013, the Annual Report and Accounts are being sent to the members of the Company excluding the said Annexure. Any member interested in obtaining a copy of said Annexure may write to the Company Secretary at the Registered Office of the Company. The said annexure will be available for inspection by the members at the Registered Office of the Company twenty one days before and upto the date of ensuing Annual General Meeting during the business hours on working day.

INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY

Your Company maintains adequate internal control system and procedures commensurate with its size and nature of operations. The internal control systems are designed to provide a reasonable assurance over reliability in financial reporting, ensure appropriate authorisation of transactions, safeguarding the assets of the Company and prevent misuse/ losses and legal compliances.

The internal control system includes a well defined delegation of authority and a comprehensive Management Information System coupled with quarterly reviews of operational and financial performance, a well structured budgeting process with regular monitoring of expenses and Internal audit. The Internal Audit reports are periodically reviewed by the management and the Audit Committee and necessary improvements are undertaken, if required.

SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 2016-17 and the date of this report.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review or said items are not applicable to the Company:

1. Cost Audit

2. Mr. Anil Kumar Jain and Mr. Kamal Mitra who are Non- Executive Directors on the Board of Pranavaditya Spinning Mills Ltd., subsidiary of the Company, receive sitting fees for attending Board / Committee Meeting. Apart from the sitting fees, as aforesaid, none of the Whole-Time Directors of the Company receive any remuneration or commission from any subsidiaries of the Company.

ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors wish to place on record their appreciation for dedicated service and contribution made by the employees of the Company at all levels.

Your Directors would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from its customers, suppliers, investors, bankers, financial institutions, business partners and other stakeholders.

On behalf of the Board of Directors

ANIL KUMAR JAIN
Executive Chairman
DIN: 00086106

Date: 15th May, 2017
Place: Mumbai

ANNEXURE 1

FORM NO. AOC-1

Statement Containing Salient Features of the Financial Statements of Subsidiaries / Associates / Joint Ventures

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

PART A – SUBSIDIARIES

(₹ In Lakhs)

Sr. No.	Name of the Subsidiary	Reporting currency for the subsidiary concerned	Exchange Rate as on 31st March, 2017	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Invest-ments	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of Share-holding	Country
1	Pranavaditya Spinning Mills Limited	INR	NA	1924.13	1524.43	4947.37	1498.81	0.16	5856.21	(83.07)	(36.48)	(46.59)	-	74.53	India
2	Indo Count Retail Ventures Pvt Ltd	INR	NA	1.00	(27.06)	217.86	243.92	Nil	387.21	(31.76)	(7.32)	(24.43)	-	82.50	India
3	Indo Count Global Inc, USA	USD	64.8500	446.18	1151.48	15044.46	13446.80	-	32480.29	432.30	155.45	276.85	-	100	USA
4	Indo Count UK Limited	GBP	80.9025	79.62	(12.27)	78.37	11.02	-	159.32	(4.35)	-	(4.35)	-	100	UK
5	Indo Count Australia Pty Ltd	AUD		-	-	-	-	-	-	-	-	-	-	100	Australia

Notes:
1. Reporting period of the Subsidiaries is April to March.
2. Indo Count Australia Pty Ltd is controlled by the Company and yet to commence operations. The shares are yet to be subscribed.
3. There are no subsidiaries which have been liquidated or sold during the year 2016-17.
4. Indo Count Retail Ventures Pvt. Ltd. became subsidiary of the Company w.e.f. 24th August, 2016.

PART B - ASSOCIATES / JOINT VENTURES - NIL

On behalf of the Board of Directors

ANIL KUMAR JAIN
Executive Chairman
DIN: 00086106

Date: 15th May, 2017
Place: Mumbai

ANNEXURE 2

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2016-17

1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	Pursuant to the requirements of the Companies Act, 2013 and the rules made thereunder, your Company has framed a CSR Policy and web-link thereto is as given below: http://www.indocount.com/corporatesocialresponsibility.php?id=5 The key philosophy of all our CSR initiatives is guided by our belief **"Every Smile Counts ..."** The focus areas for CSR are Education, Healthcare, Women Empowerment, Water and Sanitation and Rural Development. The Company undertakes CSR activities through its own trust "Indo Count Foundation" and collaborates with other associations/trusts/ NGO as well.
2	The Composition of the CSR Committee.	(1) Dr. (Mrs.) Vaijayanti Pandit – Chairperson (Independent Director) (2) Mr. Anil Kumar Jain – Member (Executive) (3) Mr. Kailash R. Lalpuria – Member (Executive)
3	Average net profit of the company for last three financial years.	Average net profit of the Company for last 3 financial years is ₹ 23152.52 Lakhs
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above).	₹ 463.05 Lakhs for FY 2016-17
5	Details of CSR spent during the financial year 2016-17	
	(a) Total amount to be spent for the financial year 2016-17	₹ 664.61 Lakhs (₹ 463.05 Lakhs for FY 2016-17 & ₹ 201.56 Lakhs unspent of previous 2 years & carried forward to FY 2016-17)
	(b) Total amount spent	₹ 246.71 Lakhs
	(c) Amount unspent , if any	₹ 417.90 Lakhs (₹ 216.34 Lakhs for FY 2016-17)

Manner in which the amount spent during the financial year 2016-17 is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified.**	**Sector In which The Project Is Covered.**	**Projects or Programs** **1) Local area or other** **2) Specify the State and district where projects or programs was undertaken.**	**Amount outlay (budget) project or programs Wise (₹ in Lakhs)**	**Amount spent on the projects or programs Sub-heads:** **1) Direct on projects or programs** **2) Overheads (₹ in Lakhs .)**	**Cumulative expenditure up to the reporting period (₹ in Lakhs)**	**Amount spent Direct or through Implementing Agency.**
1.	Promoting Education by implementation of E-learning systems & programs in schools, building infrastructure at schools, distribution of school bags.	Education	In and around Kolhapur-Maharashtra (Local areas)	130.00	49.16	49.16	Direct / Implementing Agency

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified.**	**Sector In which The Project Is Covered.**	**Projects or Programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken.**	**Amount outlay (budget) project or programs Wise (₹ in Lakhs)**	**Amount spent on the projects or programs Sub-heads: 1) Direct on projects or programs 2) Overheads (₹ in Lakhs .)**	**Cumulative expenditure up to the reporting period (₹ in Lakhs)**	**Amount spent Direct or through Implementing Agency.**
2.	Skill Development centre with IL & FS, training women in sewing and stitching skills, enabling them to get employment and be independent, thereby improving standard of living	Enhancing vocational skills	In and around Kolhapur-Maharashtra (Local areas)	50.00	25.04	25.04	Direct / Implementing Agency
3.	Providing medical facilities through medical vans reaching to distant places, including distribution of free medicines, infrastructure support & healthcare equipments at certain hospitals	Healthcare		137.00	57.35	57.35	Direct / Implementing Agency
4.	Promoting sanitation by building toilet blocks. Making available pure and safe drinking water to the community through installation of Acquaguard/ RO system	Sanitation & Drinking water		47.50	35.61	35.61	Direct / Implementing Agency
5.	Rural upliftment	Rural Development		100.00	60.75	60.75	Direct / Implementing Agency
6.	Other CSR activities as per CSR policy			200.50	18.80	18.80	
Total				**665.00**	**246.71**	**246.71**	

Note: As on 31.03.2017, ₹ 2.04 Lakh Bank balance in Indo Count Foundation.

Your Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community, assessment of needs and then putting an enhanced sustainable model to ensure maximum benefit to the community and serving local areas in Kolhapur. Your Company follows participatory approach with the community in its CSR activities and strives to ensure that CSR projects are directed towards benefit and inclusive growth of community in local areas near Kolhapur. Certain projects identified by the Company in the areas of Education, Healthcare and Rural Development are long term projects and spreading over a span of 2-3 years. Considering all the aforesaid factors, during the year under review, your Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. Your Company is gradually increasing the CSR expenditure and moving forward, your Company will endavour to spend in accordance with the prescribed limits.

RESPONSIBILITY STATEMENT

We hereby confirm that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR objectives and policy of the Company.

On behalf of Board of Directors

Dr. (Mrs.) Vaijayanti Pandit
Chairperson, CSR Committee
DIN: 06742237

Anil Kumar Jain
Executive Chairman
DIN: 00086106

Kailash R. Lalpuria
Executive Director
DIN:00059758

Dated: 15th May, 2017
Place: Mumbai

ANNEXURE 3

Form No. MR-3
SECRETARIAL AUDIT REPORT

for the Financial Year Ended on March 31, 2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Indo Count Industries Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Indo Count Industries Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- We have examined the books, papers, minute books, forms and returns filed and other records maintained by Indo Count Industries Limited for the financial year ended on March 31, 2017 according to the provisions of:

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

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

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

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

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

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

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

        c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (**Not applicable to the company during the Audit Period**)

        d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; and the SEBI (Share Based Employee Benefits) Regulations 2014. (**Not applicable to the company during the Audit Period**)

        e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable to the company during the Audit Period**)

        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 Audit Period**) and

        h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (**Not applicable to the company during the Audit Period**)

- We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other Acts, Laws and Regulations as applicable specifically to the company. The list of major head/ groups of Acts, Laws and Regulations as applicable specifically to the Company is:

    1. The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder;

    2. The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder

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

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

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

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

We further report that:

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 year 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit and also on the review of compliance reports by the respective Department Heads / Company Secretary / CFO / KMP taken on record by the Board of Directors of the Company, in our opinion there are adequate systems and processes in the Company commensurate with the size and the operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, and Labour Law Compliances have been subject to review by statutory financial audit and other designated professionals.

We further report that during the audit period, the Company has not passed any resolution for:

i. Public/Right/Preferential issue of shares/ debentures/sweat equity, etc. However, the Company has sub-divided face value of its Equity share from ₹ 10/- per equity share to ₹ 2/- per equity share.

ii. Redemption / buy-back of securities.

iii. Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.

iv. Merger / amalgamation / reconstruction, etc.

v. Foreign technical collaborations.

For **Kothari H. & Associates**
Company Secretaries

Hitesh Kothari
Partner
FCS : 6038
CP No.: 5502

Place : Mumbai
Date : 15th May, 2017

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

Annexure- A

To,
The Members
Indo Count Industries Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For KOTHARI H. & ASSOCIATES
Company Secretaries

Hitesh Kothari
FCS: 6038
CP No. 5502

Place: Mumbai
Date: 15th May, 2017

ANNEXURE 4

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	L72200PN1988PLC068972
Registration Date	07/11/1988
Name of the Company	Indo Count Industries Limited
Category / Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	Office No. 1, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Kolhapur, Maharashtra - 416109 Phone: 91-230-2483105 Fax No: 91-230-2483275
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai – 400 078 Phone No: 022-49186270 Fax No: 022-49186060 Email: indocount@linkintime.co.in rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the company
1	Manufacture of bedding, quilts, pillows and sleeping bags etc.	13924	90.69%
2	Preparation and spinning of Cotton fibers including blended cotton	13111	9.31%

* As per National Industrial Classification 2008 list.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of the Companies Act, 2013
1	Pranavaditya Spinning Mills Limited Office No. 2, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, District Kolhapur - 416 109, Maharashtra	L17119PN1990PLC058139	Subsidiary	74.53%	2(87)
2	Indo Count Global Inc. Suite# 1019, The Textile Building, 295, Fifth Avenue, New York, NY 10016	EIN 38-3830098	Subsidiary	100%	2(87)
3.	Indo Count UK Ltd Ground Floor of Unit 2, "The Stables" Wilmslow Road, Didsbury, Manchester M20 5PG United Kingdom	9146756	Subsidiary	100%	2(87)
4.	Indo Count Australia Pty Ltd 289-311 Bayswater Road, Bayswater North, Victoria 3153, Australia.	600 172 334	Subsidiary	100%*	2(87)
5.	Indo Count Retail Ventures Private Limited Office No.4, G. No.280/2, At Post Alate, Plot No. 266, Taluka Hatkanangale, District Kolhapur- 416112, Maharashtra	U52100PN2016PTC158599	Subsidiary	82.50%	2(87)

* As on 31st March, 2017, the shares are not subscribed.

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

(i) Category-wise Shareholding

Category of Shareholder	No. of Shares of Face value of ₹ 10/- each held at the beginning of the year (As on 01-04-2016)				No. of Shares of Face value of ₹ 2/- each held at the end of the year (As on 31-03-2017)				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
A. PROMOTERS									
(1) Indian									
a) Individuals / HUF	3808593	0	3808593	9.65	19042965	0	19042965	9.65	0.00
b) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c) State Government (s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corporate	7063266	0	7063266	17.89	35301330	0	35301330	17.88	(0.01)
e) Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(1)	**10871859**	**0**	**10871859**	**27.54**	**54344295**	**0**	**54344295**	**27.53**	**(0.01)**
2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other - Individual	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholder	No. of Shares of Face value of ₹ 10/- each held at the beginning of the year (As on 01-04-2016)				No. of Shares of Face value of ₹ 2/- each held at the end of the year (As on 31-03-2017)				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
c) Bodies Corporate	12400491	0	12400491	31.41	62002455	0	62002455	31.41	0.00
d) Banks /Financial Institutions	0	0	0	0.00	0	0	0	0	0
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (A)(2)	**12400491**	**0**	**12400491**	**31.41**	**62002455**	**0**	**62002455**	**31.41**	**0.00**
Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	**23272350**	**0**	**23272350**	**58.95**	**116346750**	**0**	**116346750**	**58.94**	**(0.01)**
B. PUBLIC SHAREHOLDING									
1) Institutions									
a) Mutual Funds / UTI	605649	21400	627049	1.59	7494656	107000	7601656	3.85	2.26
b) Banks/Financial Institutions	34520	7470	41990	0.11	83206	37350	120556	0.06	(0.05)
c) Central Government	0	0	0	0.00	0	0	0	0.00	0.00
d) State Government	0	0	0	0.00	0	0	0	0.00	0.00
e) Foreign Institutional / Portfolio Investors	5245018	0	5245018	13.29	33910780	0	33910780	17.18	3.89
f) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
g) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub Total (B)(1)	**5885187**	**28870**	**5914057**	**14.99**	**41488642**	**144350**	**41632992**	**21.09**	**6.10**
2) Non-Institutions									
a) Bodies Corporate									
i) Indian	3606171	17974	3624145	9.18	10298595	88340	10386935	5.26	(3.92)
ii) Overseas	0	0	0	0.00					
b) Individuals									
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	3366291	1342453	4708744	11.93	16894404	5872570	22766974	11.53	(0.40)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	1474835	0	1474835	3.73	3654826	0	3654826	1.85	(1.88)
c) Any other (specify)									
(c-i) Trusts	0	0	0	0.00	10890	0	10890	0.01	0.01
(c-i) Foreign Nationals	1250	0	1250	0.00	1880	0	1880	0.00	0.00
(c-ii) Hindu Undivided Family	138922	0	138922	0.35	662212	0	662212	0.34	(0.01)
(c-iii) Non Resident Indians (Non-Repat)	46082	8600	54682	0.14	281048	43000	324048	0.16	0.02
(c-iv) Non Resident Indians (Repat)	191774	0	191774	0.48	829530	0	829530	0.42	(0.06)

Category of Shareholder	No. of Shares of Face value of ₹ 10/- each held at the beginning of the year (As on 01-04-2016)				No. of Shares of Face value of ₹ 2/- each held at the end of the year (As on 31-03-2017)				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
(c-v) Clearing Member	99175	0	99175	0.25	782633	0	782633	0.39	0.14
Sub Total (B)(2)	**8924500**	**1369027**	**10293527**	**26.07**	**33416018**	**6003910**	**39419928**	**19.96**	**(6.11)**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**14809687**	**1397897**	**16207584**	**41.05**	**74904660**	**6148260**	**81052920**	**41.06**	**0.01**
C. Shares held by Custodians for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**38082037**	**1397897**	**39479934**	**100.00**	**191251410**	**6148260**	**197399670**	**100.00**	**0.00**

Note: w.e.f. 15th November, 2016 ("Record Date"), the Company has sub-divided 3,94,79,934 equity shares of face value of ₹ 10/- into 19,73,99,670 equity shares of face value of ₹ 2/- each.

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01-04-2016)			Shareholding at the end of the Year (As on 31-03-2017)			% change in Share holding during the year
		No. of Shares of face value of ₹ 10/- each	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares of face value of ₹ 2/- each	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Anil Kumar Jain	373511	0.95	0.00	1867555	0.95	0.00	0.00
2	Gayatri Devi Jain	1337171	3.39	0.00	6685855	3.39	0.00	0.00
3	Mohit Jain	138570	0.35	0.00	692850	0.35	0.00	0.00
4	Shikha Jain	1049765	2.66	0.00	5248825	2.66	0.00	0.00
5	Shivani Patodia	434750	1.10	0.00	2173750	1.10	0.00	0.00
6	Neha Singhvi	455826	1.15	0.00	2279130	1.15	0.00	0.00
7	Sunita Jaipuria	4000	0.01	0.00	20000	0.01	0.00	0.00
8	Anil Kumar Jain (HUF)	15000	0.03	0.00	75000	0.03	0.00	0.00
9	Margo Finance Ltd.	307004	0.78	0.00	1520020	0.77	0.00	(0.01)
10	Rini Investment and Finance Pvt. Ltd.	23820	0.06	0.00	119100	0.06	0.00	0.00
11	Indo Count Securities Ltd.	6208277	15.73	0.00	31041385	15.73	0.00	0.00
12	Sandridge Investments Limited (Formerly Swastik Investment Corporation)	12400491	31.41	0.00	62002455	31.41	0.00	0.00
13	Yarntex Exports Ltd.	462500	1.17	0.00	2312500	1.17	0.00	0.00
14	Slab Properties Pvt. Ltd*	61665	0.16	0.00	0	0.00	0.00	0.00
15	Slab Promoters Pvt Ltd*	0	0.00	0.00	308325	0.16	0.00	0.00
	Total	**23272350**	**58.95**	**0.00**	**116346750**	**58.94**	**0.00**	**(0.01)**

Note: w.e.f. 15th November, 2016 ("Record Date"), the Company has sub-divided 3,94,79,934 equity shares of face value of ₹ 10/- into 19,73,99,670 equity shares of face value of ₹ 2/- each.

* Inter-se transfer of shares of 308325 Equity Shares of face value of ₹ 2/- each from Slab Properties Private Limited to Slab Promoters Private Limited on 31st March, 2017.

(iii) Change in Promoters' Shareholding

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2016		Date wise increase/decrease in shareholding during the year specifying the reason for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):			Cumulative shareholding during the year		Shareholding at the end of the year as on 31.03.2017	
		No. of Shares of face value of ₹ 10/- each	% of total shares of the Company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	No. of Shares of face value of ₹ 2/- each	% of total shares of the Company
1	Anil Kumar Jain	373511	0.95							
				15.11.2016	1867555	Sub-Division	1867555	0.95	1867555	0.95
2	Gayatri Devi Jain	1337171	3.39							
				15.11.2016	6685855	Sub-Division	6685855	3.39	6685855	3.39
3	Mohit Jain	138570	0.35							
				15.11.2016	692850	Sub-Division	692850	0.35	692850	0.35
4	Shikha Mohit Jain	1049765	2.66							
				15.11.2016	5248825	Sub-Division	5248825	2.66	5248825	2.66
5	Shivani Patodia	434750	1.10							
				15.11.2016	2173750	Sub-Division	2173750	1.10	2173750	1.10
6	Neha Singhvi	455826	1.15							
				15.11.2016	2279130	Sub-Division	2279130	1.15	2279130	1.15
7	Sunita Jaipuria	4000	0.01							
				15.11.2016	20000	Sub-Division	20000	0.01	20000	0.01
8	Anil Kumar Jain (HUF)	15000	0.03							
				15.11.2016	75000	Sub-Division	75000	0.03	75000	0.03
9	Margo Finance Ltd	307004	0.78							
				30.09.2016	-3000 (face value of ₹ 10/-)	Sale	304004	0.77		
				15.11.2016	1520020	Sub-Division	1520020	0.77	1520020	0.77
10	Rini Investment and Finance Pvt. Ltd.	23820	0.06							
				15.11.2016	119100	Sub-Division	119100	0.06	119100	0.06
11	Indo Count Securities Ltd.	6208277	15.73							
				15.11.2016	31041385	Sub-Division	31041385	15.73	31041385	15.73
12	Sandridge Investments Limited (Formerly Swastik Investment Corporation)	12400491	31.41							
				15.11.2016	62002455	Sub-Division	62002455	31.41	62002455	31.41

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2016		Date wise increase/decrease in shareholding during the year specifying the reason for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):			Cumulative shareholding during the year		Shareholding at the end of the year as on 31.03.2017	
		No. of Shares of face value of ₹ 10/- each	**% of total shares of the Company**	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	**No. of Shares of face value of ₹ 2/- each**	**% of total shares of the Company**
13	Yarntex Exports Ltd.	462500	1.17							
				15.11.2016	2312500	Sub-Division	2312500	1.17	2312500	1.17
14	Slab Properties Pvt. Ltd*	61665	0.16							
				15.11.2016	308325	Sub-Division	308325	0.16		
				31.03.2017	(308325)	Inter-se Transfer	0	0.00	0	0.00
15	Slab Promoters Pvt Ltd*	0	0.00							
				31.03.2017	308325	Inter-se Transfer	308325	0.16	308325	0.16

Note: w.e.f. 15th November, 2016 ("Record Date"), the Company has sub-divided 3,94,79,934 equity shares of face value of ₹ 10/- into 19,73,99,670 equity shares of face value of ₹ 2/- each. Hence number of shares shown under the column of "date wise increase in shareholding" are number of shares issued upon Sub-Division.

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2016		Date wise increase/decrease in shareholding during the year specifying the reason for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):			Cumulative shareholding during the year		At the end of the year (or on the date of separation, if separated during the year) as on 31.03.2017	
		No. of Shares of face value of ₹ 10/- each	**% of total shares of the Company**	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	**No. of Shares of face value of ₹ 2/- each**	**% of total shares of the Company**
1	Elm Park Fund Ltd.	2717161	6.88							
				14.10.2016	-221	Sale	2716940	6.88		
				21.10.2016	-63079	Sale	2653861	6.72		
				15.11.2016	13269305	Sub-Division	13269305	6.72		
				17.03.2017	-428350	Sale	12840955	6.50		
				24.03.2017	-500000	Sale	12340955	6.25		
				31.03.2017	-600000	Sale	11740955	5.95	11740955	5.95

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2016		Date wise increase/decrease in shareholding during the year specifying the reason for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):			Cumulative shareholding during the year		At the end of the year (or on the date of separation, if separated during the year) as on 31.03.2017	
		No. of Shares of face value of ₹ 10/- each	% of total shares of the Company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	No. of Shares of face value of ₹ 2/- each	% of total shares of the Company
2	Lazard Emerging Markets Small Cap Equity Trust	518959	1.31							
				08.04.2016	+22322	Purchase	541281	1.37		
				05.08.2016	+65609	Purchase	606890	1.54		
				12.08.2016	+97232	Purchase	704122	1.78		
				19.08.2016	+20323	Purchase	724445	1.83		
				26.08.2016	+46263	Purchase	770708	1.95		
				02.09.2016	+182381	Purchase	953089	2.41		
				21.10.2016	+25649	Purchase	978738	2.48		
				28.10.2016	+1	Purchase	978739	2.48		
				11.11.2016	+145133	Purchase	1123872	2.85		
				15.11.2016	+18228	Purchase	1142100	2.89		
				15.11.2016	5710500	Sub-Division	5710500	2.89		
				31.03.2017	-208794	Sale	5501706	2.79	5501706	2.79
3	Morgan Stanley Mauritius Company Ltd	0	0.00							
				06.06.2016	+3000	Purchase	3000	0.01		
				10.06.2016	+3000	Purchase	6000	0.01		
				08.07.2016	+1800	Purchase	7800	0.02		
				15.07.2016	+2400	Purchase	10200	0.02		
				22.07.2016	+11958	Purchase	22158	0.06		
				12.08.2016	-6000	Sale	16158	0.04		
				26.08.2016	-12600	Sale	3558	0.01		
				02.09.2016	+1200	Purchase	4758	0.01		
				08.09.2016	+9486	Purchase	14244	0.04		
				23.09.2016	-1200	Sale	13044	0.03		
				30.09.2016	+19800	Purchase	32844	0.08		
				07.10.2016	+3600	Purchase	36444	0.09		
				21.10.2016	-80	Sale	36364	0.09		
				28.10.2016	-9600	Sale	26764	0.07		
				11.11.2016	+3735	Purchase	30499	0.08		
				15.11.2016	-8450	Sale	22049	0.06		
				15.11.2016	110245	Sub-Division	110245	0.06		
				25.11.2016	-4800	Sale	105445	0.05		
				02.12.2016	36016	Sale	141461	0.07		
				09.12.2016	-20368	Sale	121093	0.06		
				16.12.2016	-7590	Sale	113503	0.06		
				23.12.2016	+43876	Purchase	157379	0.08		
				30.12.2016	-61135	Sale	96244	0.05		
				06.01.2017	-23178	Sale	73066	0.04		
				13.01.2017	+25896	Purchase	98962	0.05		

Sr. No.	Name of Shareholders	**Shareholding at the beginning of the year as on 01.04.2016**		Date wise increase/decrease in shareholding during the year specifying the reason for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):			Cumulative shareholding during the year		**At the end of the year (or on the date of separation, if separated during the year) as on 31.03.2017**	
		No. of Shares of face value of ₹ 10/- each	**% of total shares of the Company**	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	**No. of Shares of face value of ₹ 2/- each**	**% of total shares of the Company**
				20.01.2017	+18038	Purchase	117000	0.06		
				03.02.2017	+140000	Purchase	257000	0.13		
				10.02.2017	+3500	Purchase	260500	0.13		
				17.02.2017	+16128	Purchase	276628	0.14		
				24.02.2017	+91000	Purchase	367628	0.19		
				10.03.2017	-66500	Sale	301128	0.15		
				17.03.2017	+238486	Purchase	539614	0.27		
				24.03.2017	+1788591	Purchase	2328205	1.18		
				31.03.2017	+1832816	Purchase	4161021	2.11	4161021	2.11
4	Uniworth Finance and Securities Pvt Ltd	578705	1.47							
				15.11.2016	2893525	Sub-Division	2893525	1.47	2893525	1.47
5	DSP Blackrock Small and Mid Cap Fund	0	0.00							
				21.10.2016	+136387	Purchase	136387	0.35		
				11.11.2016	+14850	Purchase	151237	0.38		
				15.11.2016	756185	Sub-Division	756185	0.38		
				18.11.2016	+789808	Purchase	1545993	0.78		
				25.11.2016	+622027	Purchase	2168020	1.10		
				16.12.2016	+45353	Purchase	2213373	1.12		
				17.02.2017	+422162	Purchase	2635535	1.34	2635535	1.34
6	Nomura India Investment Fund Mother Fund	158815	0.40							
				20.05.2016	+30000	Purchase	188815	0.48		
				27.05.2016	+10000	Purchase	198815	0.50		
				10.06.2016	+20000	Purchase	218815	0.55		
				17.06.2016	+20000	Purchase	238815	0.60		
				24.06.2016	+40000	Purchase	278815	0.71		
				15.11.2016	1394075	Sub-Division	1394075	0.71		
				30.12.2016	+100000	Purchase	1494075	0.76		
				17.02.2017	+377846	Purchase	1871921	0.95	1871921	0.95
7	UTI-MID CAP FUND	358090	0.91							
				15.11.2016	1790450	Sub-Division	1790450	0.91	1790450	0.91
8	The Nomura Trust and Banking Co Ltd as the Trustee of Nomura India Stock	170336	0.43							
				15.11.2016	851680	Sub-Division	851680	0.43		
				03.02.2017	+481132	Purchase	1332812	0.68	1332812	0.68

Sr. No.	Name of Shareholders	**Shareholding at the beginning of the year as on 01.04.2016**		Date wise increase/decrease in shareholding during the year specifying the reason for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):			Cumulative shareholding during the year		**At the end of the year (or on the date of separation, if separated during the year) as on 31.03.2017**	
		No. of Shares of face value of ₹ 10/- each	**% of total shares of the Company**	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	**No. of Shares of face value of ₹ 2/- each**	**% of total shares of the Company**
9	DSP Blackrock Tax Saver Fund	0	0.00							
				17.02.2017	+1017584	Purchase	1017584	0.51		
				24.02.2017	+14928	Purchase	1032512	0.52		
				10.03.2017	+48892	Purchase	1081404	0.55	1081404	0.55
10	Long Term India Fund	0	0.00							
				17.03.2017	+530000	Purchase	530000	0.27		
				24.03.2017	+400000	Purchase	930000	0.47	930000	0.47
11	Amruit Promoters and Finance LLP	594368	1.51							
				01.07.2016	-6780	Sale	587588	1.49		
				08.07.2016	-112152	Sale	475436	1.20		
				15.07.2016	+21416	Purchase	496852	1.26		
				22.07.2016	-1353	Sale	495499	1.26		
				29.07.2016	-631	Sale	494868	1.25		
				05.08.2016	-5000	Sale	489868	1.24		
				26.08.2016	-31929	Sale	457939	1.16		
				02.09.2016	-12013	Sale	445926	1.13		
				21.10.2016	-101111	Sale	344815	0.87		
				28.10.2016	-19835	Sale	324980	0.82		
				11.11.2016	-22310	Sale	302670	0.77		
				15.11.2016	1513350	Sub-Division	1513350	0.77		
				02.12.2016	-728216	Sale	785134	0.40		
				13.01.2017	-94300	Sale	690834	0.35		
				20.01.2017	-72630	Sale	618204	0.31		
				27.01.2017	-35000	Sale	583204	0.29		
				03.02.2017	-69080	Sale	514124	0.26		
				10.02.2017	-339124	Sale	175000	0.09		
				24.02.2017	-75000	Sale	100000	0.05		
				03.03.2017	-5979	Sale	94021	0.05		
				10.03.2017	-25000	Sale	69021	0.04		
				17.03.2017	-10021	Sale	59000	0.03		
				24.03.2017	-5000	Sale	54000	0.03	54000	0.03
12	Goldman Sachs India Fund Limited	415422	1.05							
				02.09.2016	-220967	Sale	194455	0.49		
				09.09.2016	-32078	Sale	162377	0.41		
				16.09.2016	-11051	Sale	151326	0.38		
				23.09.2016	-6582	Sale	144744	0.37		
				30.09.2016	-49776	Sale	94968	0.24		
				07.10.2016	-67796	Sale	27172	0.07		

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year as on 01.04.2016		Date wise increase/decrease in shareholding during the year specifying the reason for increase/ decrease (e.g. allotment / transfer / bonus / sweat equity etc):			Cumulative shareholding during the year		At the end of the year (or on the date of separation, if separated during the year) as on 31.03.2017	
		No. of Shares of face value of ₹ 10/- each	% of total shares of the Company	Date	No. of Shares	Reason	No. of Shares	% of total shares of the Company	No. of Shares of face value of ₹ 2/- each	% of total shares of the Company
				14.10.2016	-27172	Sale	0	0.00	0	0.00
13	Narendra Kumar Agarwal	294854	0.75							
				08.07.2016	-3000	Sale	291854	0.74		
				26.08.2016	-91854	Sale	200000	0.51		
				30.09.2016	-200000	Sale	0	0.00	0	0.00
14	Vadra Overseas Private Limited	267886	0.68							
				15.11.2016	1339430	Sub-Division	1339430	0.68		
				02.12.2016	-100000	Sale	1239430	0.63		
				09.12.2016	-10000	Sale	1229430	0.62	1229430	0.62
15	Aegis Finstate LLP	262721	0.67							
				01.04.2016	-9000	Sale	253721	0.64		
				08.04.2016	-37001	Sale	216720	0.55		
				15.04.2016	-10499	Sale	206221	0.52		
				22.04.2016	-83233	Sale	122988	0.31		
				29.04.2016	-17803	Sale	105185	0.27		
				06.05.2016	-19848	Sale	85337	0.22		
				13.05.2016	-201	Sale	85136	0.22		
				27.05.2016	-2700	Sale	82436	0.21		
				03.06.2016	-31708	Sale	50728	0.13		
				10.06.2016	-26000	Sale	24728	0.06		
				17.06.2016	-3500	Sale	21228	0.05		
				24.06.2016	-21228	Sale	0	0.00	0	0.00
16	Ashish Kacholia	256481	0.65							
				22.07.2016	-52500	Sale	203981	0.52		
				23.09.2016	+104460	Purchase	308441	0.78		
				14.10.2016	+190711	Purchase	499152	1.26		
				15.11.2016	2495760	Sub-Division	2495760	1.26		
				24.02.2017	-346000	Sale	2149760	1.09		
				03.03.2017	-404000	Sale	1745760	0.88		
				10.03.2017	-45760	Sale	1700000	0.86		
				24.03.2017	-224146	Sale	1475854	0.74		
				31.03.2017	-800000	Sale	675854	0.34	675854	0.34

Note: As on 15th November, 2016 ("Record Date"), the Company has sub-divided 3,94,79,934 equity shares of face value of ₹ 10/- into 19,73,99,670 equity shares of face value of ₹ 2/- each.

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Director/ KMP	**Shareholding at the beginning of the year (01-04-2016)**		Date wise increase/decrease in shareholding during the year specifying the reason for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Cumulative shareholding during the year		**At the end of the year (or on the date of separation, if separated during the year) as on 31-03-2017**	
		No. of Shares of face value of ₹ 10/- each	**% of total shares of the Company**		No. of Shares	% of total shares of the Company	**No. of Shares of face value of ₹ 2/- each**	**% of total shares of the Company**
1	Mr. Anil Kumar Jain	373511	0.95	1867555 (Sub-division on 15.11.2016)	1867555	0.95	1867555	0.95
2	Mr. R. N. Gupta (upto 9th May,2016)	10	0.00	50 (Sub-division on 15.11.2016)	50	0.00	50	0.00
3	Mr. Mohit Jain (w.e.f 9th May, 2016)	138570	0.35	692850 (Sub-division on 15.11.2016)	692850	0.35	692850	0.35
4	Mr. Kailash R. Lalpuria	0	0.00	0	0	0.00	0	0.00
5	Mr. Kamal Mitra	170	0.00	170 (Sold in April 2016)	0	0.00	0	0.00
6	Mr. P.N. Shah	0	0.00	0	0	0.00	0	0.00
7	Mr. R. Anand	0	0.00	0	0	0.00	0	0.00
8	Mr. Dilip J. Thakkar	0	0.00	0	0	0.00	0	0.00
9	Mr. Prem Malik	200	0.00	1000 (Sub-division on 15.11.2016)	1000	0.00	0	0.00
				500 (Purchase on 11.11.2016)	1500	0.00	1500	0.00
10	Mr. Sushil Kumar Jiwarajka	0	0.00	0	0	0.00	0	0.00
11	Dr. (Mrs.) Vaijayanti Pandit	0	0.00	0	0	0.00	0	0.00
12	Mr. R. Sundaram (Chief Financial Officer upto 28th July, 2016)	50	0.00	0	0	0.00	0	0.00
13	Mrs. Amruta Avasare (Company Secretary & Compliance Officer)	0	0.00	0	0	0.00	0	0.00
14	Mr. Dilip Kumar Ghorawat (Chief Financial Officer w.e.f. 12th September, 2016)	0	0.00	0	0	0.00	0	0.00

Note: Shares held by relatives are not included in the shareholding of Directors and Key Managerial Personnel.

V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
INDEBTEDNESS AT THE BEGINNING OF THE FINANCIAL YEAR (AS ON 1ST APRIL, 2016)				
i) Principal Amount	28832.42	-	-	28832.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	55.55	-	-	55.55
Total (i+ii+iii)	**28887.97**	**-**	**-**	**28887.97**
CHANGE IN INDEBTEDNESS DURING THE FINANCIAL YEAR 2016-2017		-	-	
• Addition	163331.01	-	-	163331.01
• Reduction	165510.87	-	-	165510.87
Net Change - Reduction	**(2179.86)**	**-**	**-**	**(2179.86)**
INDEBTEDNESS AT THE END OF THE FINANCIAL YEAR (AS ON 31ST MARCH, 2017)				
i) Principal Amount	26695.33	-	-	26695.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	12.78	-	-	12.78
Total (i+ii+iii)	**26708.11**	**-**	**-**	**26708.11**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

No.	Particulars of Remuneration	Name of MD/WTD/Manager					Total
		Mr. Anil Kumar Jain (Executive Chairman)	Mr. R.N. Gupta (Joint Managing Director upto 9th May, 2016)	Mr. Mohit Jain (Managing Director w.e.f. 9th May, 2016)	Mr. Kailash R. Lalpuria (Executive Director)	Mr. Kamal Mitra (Director-Works)	
1.	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1599.16*	4.24	257.81	83.27	21.61	1966.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	160.55	-	-	-	-	160.55
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-
2.	Stock Option	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-
4.	Commission - as % of profit	-	-	-	10.00	-	10.00
5.	Others	-	-	-	-	-	-
	Total (A)	**1759.71**	**4.24**	**257.81**	**93.27**	**21.61**	**2136.64**
Ceiling as per the Act		₹ 3301.17 Lakhs (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)					

* This includes commission for FY 2015-16

B. Remuneration to other directors:

(₹ in Lakhs)

Sr. No	Particulars	Name of Directors						Total
		Mr. P. N. Shah	Mr. R. Anand	Mr. Dilip J. Thakkar	Mr. Prem Malik	Mr. Sushil Kumar Jiwarajka	Dr. (Mrs.) Vaijayanti Pandit	
1.	**Independent Directors**							
	- Fee for attending board / committee meetings	1.10	1.10	0.70	1.30	1.00	1.70	6.90
	- Commission	1.00	1.00	1.00	1.00	1.00	1.00	6.00
	- Others, please specify	-	-	-	-	-	-	-
	Total (1)	**2.10**	**2.10**	**1.70**	**2.30**	**2.00**	**2.70**	**12.90**
2.	**Other Non-Executive Directors**							
	- Fee for attending board / committee meetings	-	-	-	-	-	-	-
	- Commission	-	-	-	-	-	-	-
	- Others, please specify	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**2.10**	**2.10**	**1.70**	**2.30**	**2.00**	**2.70**	**12.90**
	Overall Ceiling as per the Act	₹ 330.18 Lakhs (being 1% of the net profit of the Company, calculated as per Section 198 of the Companies Act, 2013)						

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. R. Sundaram (CFO upto 28th July, 2016)	Mr. Dilip Kumar Ghorawat (CFO w.e.f. 12th September, 2016)	Ms. Amruta Avasare (Company Secretary)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	28.05	64.40	25.29	117.74
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	**28.05**	**64.40**	**25.29**	**117.74**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors

ANIL KUMAR JAIN
Executive Chairman
DIN: 00086106

Date: 15th May, 2017
Place: Mumbai

ANNEXURE 5

FORM AOC-2

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

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso is given below:

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

2. Details of material contracts or arrangements or transactions at Arm's length basis:

Sl. No.	Particulars	Details
a)	Name (s) of the related party	Indo Count Global Inc, USA
b)	Nature of Relationship	Wholly owned Subsidiary
c)	Nature of contracts / arrangements / transaction	Sale of goods / products
d)	Duration of the contracts / arrangements / transactions	Ongoing
e)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Value of Goods sold during FY 2016-17 is ₹ 222.05 Crores. The Price for the sale of the product of the Company shall be negotiated and agreed to by both parties based on estimated total costs and risk and returns considering prevalent market conditions
f)	Date(s) of approval by the Board, if any:	Refer Note below
g)	Amount paid as advances, if any:	NIL

Note: Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, no material contracts/ arrangements/ transactions which were above threshold limit prescribed under Rule 15 of the Companies (Meetings of the Board & its powers) Rules, 2014 or under the Listing Regulations were entered with related parties except the above. The above transaction is with wholly owned subsidiary and on Arm's Length basis and in ordinary course of business, hence no approvals of Audit Committee/Board/Shareholders are required.

On behalf of the Board of Directors

ANIL KUMAR JAIN
Executive Chairman
DIN: 00086106

Date: 15th May, 2017
Place: Mumbai

ANNEXURE 6

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

Information on Conservation of Energy, Technology absorption, Foreign Exchange Earnings and Outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 for the year ended 31st March, 2017 is provided hereunder:

(A) CONSERVATION OF ENERGY:

(i) Steps taken or impact on conservation of energy

Your Company makes continuous efforts for conservation of energy through various practices. Some of the measures for conservation of energy implemented in the areas of spinning and Home Textiles are captured below:

1. Power:

- Installation of LED High Bay lights in place of Metal Halide Lamps in process house .
- Installation LED Street Lights in place of Halogen Lights.
- Installation of 4000 cfm Centrifugal Compressor in place of 2000 cfm Screw compressors.
- Installation of 4000 cfm HOC Dryer in place of 4000 cfm Refrigerant Type Dryer
- Installation of Solar Panels at new cut & sew unit for generation of power.
- Recovery of water from Process House by gravity flow to pump House.
- Replacement of low efficiency pumps by Energy efficient pumps.
- Replacement of Tube Lights with LED for energy saving.

2. Fuel & Steam

Installation of Thermic Fluid Booster pumps in Process House.

Use of Water Pre Heater (WPH) to increase the temperature of Boiler Feed Water Temperature.

Installation of Additional Heat Recovery Units (HRU) for effective Heat Recovery at Process house.

Installation of Paddle Dryer for Sludge Drying.

3. Water:

- Rain water Harvesting initiated for captive water consumption.
- Rain Water Harvesting Done in Gokul new stitching Unit.
- Installation of STP plant.

(ii) Steps taken by the company for utilizing alternate sources of energy

Installation of Solar Panels at new Cut & Sew Unit for generation of power

(iii) Capital investment on conservation equipments & Technology Upgradation

- Installation of 30 TPH Steam Boiler
- Installations of Booster pumps.
- Installed engraving evaporation cooling unit.
- Installation of Pneumatic Ash Handling system
- Installation Electro Static Precipitator.

(B) TECHNOLOGY ABSORPTION:

(i) Efforts made towards technology absorption & benefits derived:

Our Continuous research and development has provided us insights on the key parameters of sheet buying decisions for consumers. The feel of the sheet is the most important factor for consumers and we achieve perfect feel with our innovative weaving and processing technology.

We have worked on following collections to give complete comfort to our clients viz. Fiber Technology, Sleep Sensation, Fashion Vintage and Wellness Collection

Fiber Technology:-

- **Splendor Touch:-**The Cellulosic sheet with combination of Natural Protein-Made of an unique composition of Cotton and Silk in warp which imparts much desired cotton look and feel to the fabric and Exceptionally soft handle and sheen of Silk. It imparts Ultimate comfort, Luxurious sheen and superior handle to the sheets.

- **Linensoft:-**This sheet is a balanced blend of Cotton and Linen, cool and absorbent with a vintage slubtexture look. Linen is cellulosic textile fiber and is collected from stem of slender flax plant, it is soft to touch cool and light fiber thereby provides comfort during sleep, This blend lends a very soft hand feel. This sheet gives cool and comfort feel to end consumers because both natural fibres- cotton and linen have good moisture absorbency.

- **Eucolin:-**It's the combination of two superior fibres combine intimately at yarn stage and resultant sheet has following attributes-
  - Natural moisture wicking
  - Cool touch and absorbent
  - Exceptionally soft hand

- **Sleep Sensation:-** Under sleep comfort, we have following offering for this season-

- **Platinum Soft:-** Enzymatic treatment is done to create Platinum soft sheet which helps removing weak cotton tendrils and this process results in a lusterous, ultra-soft handle. Fabric softness that is not only surface-deep, but goes right down to its core-the Cotton/Yarn" itself. It gives wonderful light weight, soft handle and silky sheen.

Fashion Vintage:-

We learnt from our research and development that market is moving towards fashion oriented products which mix and match with other bedding enables this drive us to create a category of Fashion vintage-

- **Melange:-** This sheet is made out of fiber dyed mélange yarn which is produced by the combination of at least two or more than two fibers dyed, conventionally the term melange is used for such yarn which are produced by the combination of two fibers. Mixing takes place during spinning to get much desired heathered look. It's the one level up from the yarn dyed chambray sheet which gives unique aesthetic to the room and comfort during sleep.

- **Heirloom:-** Heirloom sheets created by specialized washing process of "Enzymatic" and "Stone" washing on the stitched bedding, it has many advantages, it improves the softness of the sheet, and also there is no possibility of shrinkage. The slight fading enhances the look of the sheet and is very aesthetically pleasing.

Available in two washing process-

1) **Neutral Enzyme:-** It is a laundering process which uses Biological Catalyst Neutral enzymes to soften fabric; providing product a worn-in look and feel. The use of enzymes comes with various benefits both economically and environmentally. Sheet treated with Neutral Enzyme to make it soft.

2) **Stone washing:-** Pumica stone are applied in washing cycle to create faded look in our latest installed washing set- up. This process is inspired from Denim washing process.

Wellness collection:-

Pure Color Sheet:-Its 100% Organic Cotton sheet dyed with Natural colors which are extracted from Plants roots,beeds,seeds,leaves,stems and skin of fruits like trees,flowers,worms,indigo etc. These colors of Natural dyeing look like Nature with earthy color tones. Nature's attractive colors add further elegance to any piece of the product.

Following are the dye stuff source-

- Natural Indigo
- Pomegranate
- Lac
- Gallnut
- Catechu
- Rubrub
- Madder
- Myrobalan
- Marigold

These dye stuff comes from collections from the nature, cultivation from the farm or the leftover skins of the fruits. The dyeing materials are mostly from vegetable matters and they are from subtropical regions and the parts that are used for dyeing are stems, roots, leaves and skins of fruits.

Following are some of the attributes of wellness collection-
- Eco-Friendly
- Soothing earthy colors.
- Unique aesthetic.

(ii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

a) The details of technology imported-
The Company has not imported technology.

b) The year of import-
Not applicable

c) Whether the technology been fully absorbed-
Not applicable

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

(iii) The expenditure incurred on Research and Development:

The expenditure incurred on Research and Development during financial year 2016-17 is ₹ 293.13 Lakhs.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

₹ In Lakhs

Particulars	2016-17	2015-16
Foreign Exchange earned	167,417.77	170,049.31
Foreign Exchange outgo	12,305,07	12,795.88

On behalf of the Board of Directors

ANIL KUMAR JAIN
Executive Chairman
DIN: 00086106

Date: 15th May, 2017
Place: Mumbai

ANNEXURE 7

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel), Rules, 2014

(i)

Name of the Director	Designation	Remuneration of Directors / KMP for the year ended 31st March, 2017 (₹ In Lakhs)	Ratio to Median Remuneration	% increase in remuneration for the year ended 31st March, 2017
Mr. Anil Kumar Jain	Executive Chairman	1,062.03	428.19	NIL
Mr. Mohit Jain *	Managing Director	742.13	299.21	NA
Mr. R. N. Gupta *	Joint Managing Director	4.24	NA	NA
Mr. Kailash R. Lalpuria	Executive Director	93.82	37.83	72%
Mr. Kamal Mitra	Director (Works)	24.24	9.77	15%
Mr. P. N. Shah	Non-Executive Independent Director	2.10	0.85	NA
Mr. Dilip J. Thakkar	Non-Executive Independent Director	1.70	0.69	NA
Mr. R. Anand	Non-Executive Independent Director	2.10	0.85	NA
Mr. Sushil Kumar Jiwarajka	Non-Executive Independent Director	2.00	0.81	NA
Mr. Prem Malik	Non-Executive Independent Director	2.30	0.93	NA
Dr. (Mrs.) Vaijayanti Pandit	Non-Executive Independent Director	2.70	1.09	NA
Mr. R. Sundaram (Upto 28th July, 2016)	Chief Financial Officer	17.98	NA	NA
Mr. Dilip Kumar Ghorawat (From 12th September, 2016)	Chief Financial Officer	64.29	NA	NA
Mrs. Amruta Avasare	Company Secretary	25.09	NA	9%

*Mr. Mohit Jain was appointed as the Managing Director w.e.f. 9th May, 2016 and his remuneration given above is from 9th May, 2016 to 31st March, 2017 and Mr. R. N. Gupta resigned w.e.f. 9th May, 2016.

Note : There is no change in the remuneration of Independent Directors as amount of commission for 2016-17 & 2015-16 is same. The remuneration has varied only due to change in sitting fees on account of number of meetings attended by them.

(ii) the percentage increase in the median remuneration of employees in the financial year 2016-2017– 26.67%

(iii) the number of permanent employees on the rolls of company

2251 as on March 31, 2017

(iv) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof.

Average percentage increase in salaries of employees other than managerial personnel is around 10% whereas those of managerial remuneration is 11.05%. There is no exceptional increase in the remuneration of managerial personnel in comparison to the average increase in the salary of other employees.

(v) We affirm that the remuneration paid during the year 2016-17 is as per the Remuneration Policy of the Company.

On behalf of the Board of Directors

ANIL KUMAR JAIN
Executive Chairman
DIN: 00086106

Date: 15th May, 2017
Place: Mumbai

DIVIDEND DISTRIBUTION POLICY

1. INTRODUCTION & PREAMBLE

Pursuant to Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top five hundred listed entities based on market capitalization (calculated as on March 31 every financial year) are required to formulate a Dividend Distribution Policy. Accordingly, this Dividend Distribution Policy of Indo Count Industries Limited ("the Company") is framed to outline guiding factors, parameters and procedures for recommendation and distribution of dividend.

This policy is effective from 11th February, 2017.

2. DEFINITIONS & INTERPRETATIONS

In this Policy, except where the context otherwise requires, the following words and expressions shall have the following meaning.

"Act" means Companies Act, 2013 and the Rules framed there under, including any modifications, amendments, clarifications, circulars or re-enactments thereof.

"Listing Regulations" means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

"Company" means Indo Count Industries Limited.

"Board or Board of Directors" means Board of Directors of the Company as defined under the Companies Act, 2013.

"Dividend" includes Final and / or any Interim Dividend and / or special dividend.

"Free reserves" means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend:

Provided that –

(i) any amount representing unrealised gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or

(ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves;

"Shares" or **"Equity Shares"** means the exiting equity shares and equity shares as may be allotted by the Company from time to time.

The words importing the singular include the plural and vice versa and pronouns importing a gender include each of the masculine, feminine and neuter genders and shall be interpreted in the wide sense in spirit of this Code.

3. CIRCUMSTANCES UNDER WHICH SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND & DIVIDEND POLICY

The decision regarding Dividend Pay-out determines the distribution of profits among shareholders of the Company and the amount of profit to be retained in business. The Board has the discretion to recommend dividend keeping in mind business considerations, internal and external factors, distributable surplus as per Companies Act, 2013, expansion and growth plans. The decision of the Board shall seek to balance the dual objective of appropriately rewarding shareholders through dividend and retaining profits to support future growth.

The shareholders of the Company may not expect dividend in the following circumstances, subject to the discretion of the Board:

- Proposed expansion plans
- Decisions to undertake acquisition, amalgamation, merger, joint ventures, new product launches which requires significant capital outflow
- Requirement of higher working capital for business purpose
- Proposal for buy back of securities
- In the event of loss or inadequacy of profits

4. FINANCIAL PARAMETERS, INTERNAL & EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARING DIVIDEND

While recommending dividend, the Board shall consider following financial parameters, internal & external factors:

a) Distributable profits available as per Companies Act, 2013
b) Cash flow generation
c) Revenue, Cash Profit and Net Worth
d) Company's liquidity position and future cash flow needs
e) Cost of borrowings / financing
f) Future business growth and expansion plans, capacity expansion
g) Capital Expenditure
h) Likelihood of crystalization of contingent liabilities, if any
i) Creation of Contingency Fund
j) Past Dividend Pay-out ratios of the Company Dividend & Dividend Pay-out ratios of peers
k) Acquisition of brands / Business
l) Additional Investment in subsidiaries and associate companies
m) Upgradation of technology & physical infrastructure
n) Economic Environment, Capital Markets and Business Conditions in general
o) Change in statutory provisions and guidelines with respect to dividend distribution, prevailing taxation policy or any amendments thereof pertaining to dividend.
p) Stipulations/covenants of loan agreements
q) Cost and availability of alternative sources of financing
r) Bankruptcy of major customers, stricture of public liability and similar aspects affecting to the business or profit of the Company
s) Any other relevant factors as the Board may deem fit

5. UTILIZATION OF RETAINED EARNINGS

The retained earnings can be utilized for following purposes:

a) Funding organic and inorganic growth needs including working capital, repayment of debt
b) Capacity expansion/ expansion plans
c) Modernization of existing capacity
d) Purchase of new equipments or replacement of capital assets
e) Payment of dividend in future years
f) Issue of bonus shares
g) Buyback of shares
h) Any other purpose as the Board may deem fit

6. PROCEDURE

After considering aforesaid financial parameters and internal & external factors, the Board may at its discretion, declare interim dividend / final dividend. The Company shall follow procedure prescribed under Companies Act, 2013 for payment of dividend.

7. PROVISIONS FOR DIVIDEND WITH REGARD TO VARIOUS CLASS OF SHARES

This policy is applicable only for equity shares. The preference shareholders shall receive dividend at the fixed rate as per the terms of issue.

8. CLARIFICATIONS, AMENDMENTS

This Policy has been framed in compliance with the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015. In case of any amendment in the Regulations, direction or clarification by SEBI, provision of this Policy shall be read and implemented in context of such amended or clarified positions.

The Board may from time to time review and amend any provisions of this policy.

9. DISCLAIMER

This policy neither solicit investment in Company's securities nor is an assurance of guaranteed return for investment in equity shares of the Company.

BUSINESS RESPONSIBILITY REPORT

We are pleased to present Second Business Responsibility Report of the Company for the year ended 31st March, 2017 as under:

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L72200PN1988PLC068972
2. **Name of the Company:** Indo Count Industries Limited
3. **Registered address:** Office No. 1, Village Alte, Taluka Hatkanangale, District Kolhapur, 416109
4. **Website :** www.indocount.com
5. **E-mail id :** info@indocount.com
6. **Financial Year Reported:** 1st April, 2016 to 31st March, 2017
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

Sector	Industrial Activity Code*			
	Group	Class	Sub-class	Description
Textiles	139	1392	13924	Manufacture of bedding, quilts pillows, sleeping bags
	131	1311	13111	Preparation and spinning of cotton fiber including blended cotton

*As per National Industrial Classification 2008 – Ministry of Statistics and Programme implementation

8. **List three key products/services that the Company manufactures/provides (as in balance sheet): Bed Sheets, Quilts and Comforters**

9. **Total number of locations where business activity is undertaken by the Company**

   (a) Number of International Locations – The Company has three foreign subsidiaries, one in the USA and others in the UK and Australia. Further, the Company has 3 showrooms in USA, UK and Australia. The Company does not have any manufacturing unit outside India.

   (b) Number of National Locations: The Company has 2 manufacturing facilities and 1 made-ups stitching unit at Kolhapur, Maharashtra. The Registered office of the Company is also situated at Kolhapur. The Corporate Office and Marketing Office are housed in Mumbai and Thane respectively.

10. **Markets served by the Company –** The Company exports to more than 54 countries across the globe and mainly serve International Market. However, in 2016-17, the Company has also ventured in domestic Indian Market through its subsidiary Indo Count Retail Ventures Private Limited.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR) :** ₹ 39.48 Crores
2. **Total Turnover (INR) :** ₹ 2084.74 Crores (Standalone)
3. **Total profit after taxes (INR) :** ₹ 228.03 Crores (Standalone)
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** The Company's total spending on CSR for the year ended 31st March 2017 was ₹ 2.47 Crore which is 1.08% of profit after tax.
5. **List of activities in which expenditure in 4 above has been incurred:-**

   The Company's CSR policy provides room for broad based interventions in diverse sectors. During 2016-17, your Company focused on following areas of CSR activities:

   (a) Education – Promoting education through E-learning

   (b) Women Empowerment by enhancing vocational skills through Skill Development Centre

   (c) Rural Upliftment

   (d) Healthcare – Medical facilities through mobile medical vans

   (e) Water and sanitation

   The details of above CSR activities are provided as Annexure 2 to the Board's Report.

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   As on 31st March, 2017, the Company has 5 subsidiaries including 3 foreign subsidiaries.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   The subsidiaries are separate entities and they follow BR initiatives as applicable to them.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? –**

   The Company does not mandate its suppliers/ distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number : 00059758
2. Name : Mr. Kailash R. Lalpuria
3. Designation : Executive Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Mr. Dilip Kumar Ghorawat
3	Designation	Chief Financial Officer
4	Telephone Number	+91 22 43419500
5	e-mail id	icilinvestors@indocount.com

2. **Principle-wise (as per NVGs) BR Policy/policies**

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	Ethics	Product Life Cycle Sustainability	Employee Well- Being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Community Development	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The policies are broadly based on National Voluntary Guidelines issued by Ministry of Corporate Affairs.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Sl. No.	Questions	Ethics	Product Life Cycle Sustainability	Employee Well- Being	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Community Development	Customer Value
		P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	The links on Code of Conduct, CSR Policy, Whistle Blower Policy are as under: http://www.indocount.com/investors/corporate-governance The view of policies under other principles are restricted to the respective stakeholders								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	All the BRR Policies are reviewed internally.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	**Not Applicable**								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year-

The Board of Directors of the Company assesses the BR performance of the Company annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the second Business Responsibility Report of the Company and the Company publishes BRR as a part of the Annual Report. The Annual Report of the Company containing BRR is available on the website of the Company at www.indocount.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

This Principle is embodied in the Code of Conduct & Whistle Blower Policy.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

Your Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings with its stakeholders. Your Company has adopted Code of Conduct, which is applicable to the Board of Directors and Senior Management Personnel of the Company. This Code requires all Directors and Senior Management of the Company to act honestly, ethically and with integrity. The Code also provides for avoiding any conflict of interest and to act in the best interest of the Company. All Directors and Senior Management Personnel affirm compliance with Code of Conduct annually.

Your Company also has in place Vigil Mechanism / Whistle Blower Policy which serves as a mechanism for the Directors and all employees of the Company to report any genuine concerns about unethical behavior, actual or suspected fraud or violation of code of conduct.

Apart from Code of Conduct and Vigil Mechanism, your Company has also adopted Code of Practices and Procedures for fair disclosure of unpublished price sensitive information.

The Code of Conduct and Vigil Mechanism is also extended to subsidiaries of the Company to the extent applicable.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No complaints, issues or concerns were received by the Company under Code of Conduct and Whistle Blower Policy during FY 2016-17.

There were 12 complaints received from the shareholders pertaining to shares of the Company during the year under review. Out of which 11 complaints were resolved satisfactorily as on 31st March, 2017 and 1 complaint was resolved post 31st March, 2017.

The Company / Registrar & Transfer Agent responds to the queries/complaints received from the shareholders in a timely and appropriate manner. The Stakeholders Relationship Committee also reviews material queries/ complaints.

Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

This Principle is embodied in Environment, Health and Safety (EHS) Policy.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Your Company is in the business of manufacturing of home textiles and its products broadly falls under the categories of Bed Sheets, Pillow Cover, and Comforter. The products are made of cotton, hence eco-friendly, clean and leave no adverse impact on the mother earth.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

   (a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain**

   The Company constantly works towards reduction and optimal utilization of energy, water, raw materials, logistics etc. by incorporating new techiques and innovative ideas. The Company has installed ETP plant and RO plant for recycling of water and waste. Further, rain harvesting system and hot water recycling back to the process helps in saving of water.

   As consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at each product level.

   (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   The products of the Company are made of cotton and does not have broad based impact on energy and water consumption by consumers. However the Company has taken measures to reduce consumption of water and energy.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   (a) **If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   The Company has formulated an operating procedure to approve vendors. Cotton and cotton yarn, main raw materials are procured from approved vendors, both local and international. The Quality Assurance Team of the Company conducts periodic audits of main vendors. The Company has longstanding business relations with regular vendors. The Company enters into periodic freight contracts with the transporters for movement of materials. The company continually works with its vendors and suppliers to reduce the environment impacts of sourcing.

4. (a) **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   The company works with small producers to augment quality and design capability of the vendors.

   At present, small quantity of Cotton / yarn is procured from local producers in and around Kolhapur.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The Company has Installed Effluent Treatment & RO Plant for recycling of waste and water.

   All process effluents of sizing & pre-treatment are collected in the Equalization tank & treated rooted through the UASBR & biological treatment system followed by PSF & ACF filtration system. 50% ETP treated effluents are recycled through the RO & MEE plants & rest of 50% ETP treated effluents are sent to CETP.

Principle 3 – Businesses should promote the wellbeing of all employees.

This Principle is embodied in various policies for the benefit of the employees which are issued by the Human Resources function of the Company from time to time. The policies include Maternity Leave Policy, Employee Safety Policy, Group Mediclaim Policy, etc.

1. **Please indicate the Total number of employees. -** 2,251

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis. -** 1,877

3. **Please indicate the Number of permanent women employees –** 68

4. **Please indicate the Number of permanent employees with disabilities –** NIL

5. **Do you have an employee association that is recognized by management? –** YES

6. **What percentage of your permanent employees is members of this recognized employee association? -** Around 74% of all workmen.

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	NIL	NIL
2	Sexual harassment	NIL	NIL
3	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?**

   (a) Permanent Employees

   (b) Permanent Women Employees

   (c) Casual/Temporary/Contractual Employees

   (d) Employees with Disabilities - NIL (Not Applicable)

Health and safety is of paramount important to the Company. All employees of the Company including temporary employees and employees at plants are provided with safety training. Training is imparted in case of new safety device before putting it to use. Training is provided to workers for Chemical Handling, PPE Training, machine Handling and Waste Handling. Safety Boards are displayed and operative instructions are displayed and firefighting training is also imparted to selected employees of each shift. Safety meeting is conducted at every quarter and mock drills are also conducted at regular intervals.

Principle 4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Certain aspect of this principle forms part of the CSR Policy.

1. **Has the company mapped its internal and external stakeholders?**

   Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanism to engage with various stakeholders to understand their concern and expectations. Individual departments within the organisation have roles and responsibility identified and defined to engage with various stakeholders.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders and are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   Yes. Your Company recognizes the vital role played by society at large in its growth and development and strives to discharge its social responsibility as a corporate citizen. Our CSR projects focus on participatory and collaborative approach with the community. Over a period of last two years, your Company through Indo Count Foundation have identified disadvantaged, vulnerable & marginalized stakeholders in and around Kolhapur, local area in which the Company operates. In order to improve their standard of living, your Company has emphasized on CSR projects in the areas of Education, Healthcare, Water and sanitation and Women empowerment.

Principle 5- Businesses should respect and promote human rights.

This Principle is embodied in the Code of Conduct.

1. **Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/Suppliers/ Contractors/NGOs/ Others?**

   The Company remains committed to respect and protect human rights. The various aspects of the term "Human Rights" viz Freedom of Association, Collective Bargaining, Non-Discrimination, Gender Equality, Avoidance of Child and Forced Labour are covered in our Human Resource Policies/Practices and Code of Conduct. The HR practices extends to all subsidiaries of the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaints relating to human rights have been received in the FY 2016-17.

Principle 6 - Business should respect, protect, and make efforts to restore the environment.

This Principle is embodied in the Enviroment Policy.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.**

   The Company strives to protect environment by adopting various eco-friendly measures. The subsidiaries are encouraged to adopt in sustainability initiatives of the Company.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. -**

   Conservation and optimum utilization of natural resources has been and continues to be the topmost priority for the Company. The Environment, Health and Safety Policy of the Company stresses on conservation of energy and water. The Company has developed State of Art Zero discharge Effluent Treatment Plant (ETP) and Reverse Osmosis (RO) plant for recycling of waste and water. Rain Water Harvesting, Solar power are some of the other measures adopted towards sustainability.

3. **Does the company identify and assess potential environmental risks? -** Yes

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company strives to preserve environment by striking a balance between economic growth and preservation of the environment. Both air and noise pollution have been greatly reduced with the new Acoustic systems that have been placed on our DG sets and Air compressors.

   Indo Count makes certain that no harmful substances are discharged into the environment by using state-of-the-art Italian Zero discharge ETP plant for the primary, secondary and tertiary treatment of effluents, producing clean drinking water. Water conservation efforts also include rainwater harvesting.

   Energy Efficiency and Conservation

   - New technology and equipment across all our manufacturing processes greatly conserve energy.
   - Installation of Solar Pannel.
   - Oxygen analyzers provide increased fuel efficiency

- Blow down TDS sensors and valves maintain optimal levels and save fuel by reducing heat loss
- VFD's allow for greater mechanical life, less down time, and increased energy conservation
- "Siren & Panel" gas leak detection provides greater fuel efficiency
- Installation and retrofitting of LED lights.

The Company files report with the appropriate government authorities in the manner as prescribed under applicable laws.

5. **Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.**

   All our process effluents are treated in highly scientific manner of biological treatment (Without any chemicals addition) followed by tertiary treatment of Reverse Osmosis plants & Multi Effect Evaporation systems. Some of our initiatives towards clean technology, energy efficiency include:

   - Installed Effluent Treatment & RO Plant for recycling of waste and water – This ensures zero discharge of effluents in to the environment (by reusing process water, utilization of natural water resources is minimized).
   - Paddle Dryer – This eliminates the land pollution / contamination from the sludge treatment wrt land fill treatment at land fill site.
   - Installation of air pollution equipment like Bag filters followed by the dust collectors, Cyclomax and Electrostatic precipitators in the Boilers for controlling of suspended particulate matter of fine dust into the environment.
   - Bio Gas to power generation - This power generation minimizes the natural recourses including thermal pollution.
   - Installed Acoustic System and Electrostatic Precipitator for reduction of Noise and Air Pollution.
   - Each Plant has been equipped with Rain Water Harvesting System and Sewage Treatment Plant.
   - Adoption of LEDs by installation in all new projects and retrofitting some of the existing ones.

Apart from above, steps taken by the Company on conservation of energy are explained in Annexure 6 to the Board's Report.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   The Emissions/Waste generated by the company are within the permissible limits given by CPCB/ SPCB

7. **Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   As on 31st March, 2017, there are no show cause/ legal notices received from CPCB/ SPCB which are pending / unresolved.

Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

This Principle is embodied in the Code of conduct.

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Your Company is a member of various trade bodies, chambers or association; major ones being:

   (a) TEXPROCIL (The Cotton Textile Export Promotion Council)

   (b) Confederation of Indian Textile Industry (CITI)

   (c) Federation of Indian Export Organisation (FIEO)

   (d) The Bombay Textile Research Association (BITRA)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   The Company, through the various industry associations, participates in advocating matters for advancement of textile sector, policies, economic reforms and public good. It supports various initiatives which includes aspect of textile industry which is a progressive steps towards inclusive development.

Principle 8 – Businesses should support inclusive growth and equitable development.

This Principle is embodied in the CSR Policy.

1. **Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company has a well defined CSR policy which is line with the Companies Act, 2013. The key philosophy of all our Corporate Social Responsibility (CSR) initiatives is guided by our belief "Every Smile Counts ...". Our CSR projects focus on participatory and collaborative approach with the community. Over a period of last two years, CSR projects of your Company mainly focus on following areas and the projects are undertaken in and around Kolhapur:

   Education

   - Implemented E-learning programs in various schools
   - Distribution of School bags
   - Renovation of School Buildings and improving infrastructure at schools

   Women Empowerment

   - Started Skill Development Centre in collaboration with IL & FS
   - Provided training in stitching skill to women, thereby helping them to be employed in Industry.
   - Helped women to become independent and improve their Standard of Living

   Healthcare

   - Treating Patients and providing Medical facilities, check -ups through 2 Medical Vans reaching 48 Distant Villages.
   - Addressing issues like Doorstep Reach, Accessibility, and Availability of Medical Services and
   - Refurbished Primary Health Care Centres

   Water and Sanitation

   - Installation of Pure Water Systems and RO systems for safe drinking water
   - Built Toilet Blocks with the help of Zila Parishad and Gram Panchayat

2. **Are the programs/projects undertaken through in-house team/own foundation/external NGO/ government structures/ any other organization?**

   The Company undertakes CSR activities through its own Trust "Indo Count Foundation". Further, Indo Count Foundation either on its own or by partnering with other trusts, NGO's or government implements CSR projects.

3. **Have you done any impact assessment of your initiative?**

   Yes. Indo Count Foundation conducts impact assessment of its CSR initiatives through feedbacks collected from the beneficiaries of projects undertaken. Certain projects are undertaken in partnership with other trusts, NGO's, Government organisations that have their own monitoring mechanisms and impact assessment systems. The reports are collected from collaborating partners to understand impact.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   During FY 2016-17, Your Company contributed ₹ 248.75 Lakhs to Indo Count Foundation for undertaking CSR projects. Indo Count Foundation has spent ₹ 246.71 Lakhs on CSR projects in the areas of Education, women empowerment, Healthcare, Water and Sanitation and Rural upliftment. The details of CSR projects are given in Annexure 2 to the Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community.

   The Company adopts participatory approach with communities in deploying CSR projects. Before undertaking any CSR project, needs of communities are assessed. Once CSR project is implemented, follow up visits are given and feedback is obtained.

The assessment reports, feedback and overwhelming response on all our projects in the areas of Education, Healthcare and Women empowerment suggest that the same are proactively welcomed and adopted by the communities.

Principle 9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

   Customer Satisfaction is of utmost important for the Company. At Indo Count, we are committed to provide all our customers product quality, services and value for money through our technological and organizational strengths. Based on customer feedbacks and research, your Company makes innovations and delivers products that meet consumer needs. As on 31st March, 2017, no customer complaints are pending.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information).**

   Yes. The Company displays all the requisite information on product labels as per the laws.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   There have been cases relating to unfair trade practices, irresponsible advertising, and/or anti-competitive behavior against the Company during the last five years and pending as on end of the financial year 2016-17.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Yes. Consumer Satisfaction Surveys are conducted periodically through formal and informal means to assess the consumer satisfaction levels and consumer's trends.

CORPORATE GOVERNANCE REPORT

In compliance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a report on Corporate Governance for the year ended 31st March, 2017 is given below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believes that Corporate Governance is not an end in itself but a catalyst in the process towards maximization of stakeholder value. Your Company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations.

The Governance framework gives due importance to regulatory compliance under the guardianship of a strong Board of Directors and executed by committed management and employees.

2. BOARD OF DIRECTORS

(a) Composition

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors and is in conformity with the requirements of Regulation 17(1) of the Listing Regulations.

As on 31st March, 2017, the Board comprises of 10 Directors out of which 4 are Executive Directors and 6 are Non - Executive Independent Directors including one Woman Director. All Directors are competent and experienced personalities in their respective fields.

During the year under review, the following changes took place in the Composition of the Board:

- Mr. Mohit Anilkumar Jain was appointed as an Additional Director and Managing Director of the Company for a period of 5 years w.e.f. 9th May, 2016 as a part of long term succession plan.
- Mr. Anil Kumar Jain, Chairman and Managing Director, stepped down from the position of "Managing Director" and continues to be "Executive Chairman" of the Company w.e.f. 9th May, 2016.
- Mr. R. N. Gupta, Joint Managing Director of the Company resigned from the Board w.e.f. 9th May, 2016, owing to his advanced age.

The composition of the Board, details of other Directorships and Committee positions as on 31st March, 2017 are given below:

Name of the Director	Directors Identification Number (DIN)	Category of Directorship	Number of Directorships held in public companies#	No. of Membership/ Chairmanship of Board Committees@	
				Chairman	Member
Mr. Anil Kumar Jain Executive Chairman	00086106	Executive	4	-	2
* Mr. R. N. Gupta, Joint Managing Director* (upto 9th May, 2016)	00865491	Executive	1	-	2
Mr. Mohit Anilkumar Jain Managing Director (w.e.f. 9th May, 2016)	01473966	Executive	1	-	1
Mr. Kailash R. Lalpuria Executive Director	00059758	Executive	2	-	1
Mr. Kamal Mitra Director (Works)	01839261	Executive	2	-	2
Mr. P. N. Shah	00096793	Non-Executive Independent	7	5	2

Name of the Director	Directors Identification Number (DIN)	Category of Directorship	Number of Directorships held in public companies#	No. of Membership/ Chairmanship of Board Committees@	
				Chairman	Member
Mr. R. Anand	00040325	Non-Executive Independent	4	-	3
Mr. Dilip J. Thakkar	00007339	Non-Executive Independent	7	2	4
Mr. Prem Malik	00023051	Non-Executive Independent	6	2	5
Mr. Sushil Kumar Jiwarajka	00016680	Non-Executive Independent	2	-	-
Dr. (Mrs.) Vaijayanti Pandit	06742237	Non-Executive Independent	10	1	5

Notes:

* *Number of Directorship held in Public Companies and Number of Chairmanship/Membership of Board are as on 9th May, 2016.*

\# *Number of Directorships held in public companies includes Directorship of Indo Count Industries Limited. It excludes Directorships in private companies, foreign companies, companies under Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956) and alternate Directorships.*

@ *Only Membership / Chairmanship of Audit Committee and Stakeholders' Relationship Committee of listed and unlisted public limited companies including Indo Count Industries Limited are considered.*

Memberships or Chairmanships of the stipulated Board Committees held by all Directors are within the limit specified under Regulation 26 (1) of the Listing Regulations.

None of the Directors hold Directorships in more than 20 Companies including 10 Public Companies pursuant to the provisions of Section 165 of the Companies Act, 2013. Further, in compliance with Regulation 25(1) of the Listing Regulations, none of the Independent Directors hold Directorships in more than seven listed companies.

There is no inter-se relationship among any of the Directors of the Company except Mr. Mohit Jain, Managing Director who is son of Mr. Anil Kumar Jain, Executive Chairman of the Company.

(b) Independent Directors, Meeting and Familiarisation Programme

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations. The Draft Letter of Appointment of Independent Directors is available on the website of the Company at www.indocount.com.

During the year under review, a separate Meeting of Independent Directors of the Company was held on 21st April, 2016. At the said meeting, Independent Directors discussed and considered the matters specified in Schedule IV of the Companies Act, 2013 and Regulation 25(4) of the Listing Regulations. All Independent Directors except Mr. Sushil Kumar Jiwarajka were present at the said meeting.

Your Company has in place Familiarisation Programme for Independent Directors to familiarize them about the Company and their role, rights and responsibilities in the Company. The Familiarisation Programme and details of Familiarisation Programme imparted during 2016-17 are uploaded on the website of the Company at www.indocount.com and can be accessed through web-link http://www.indocount.com/images/investor/

ICIL-Familiarisation-Program.pdf and http://www.indocount.com/images/investor/Familiarisation-Program-imparted-2016-2017.pdf respectively.

(c) Board Meetings

During the financial year 2016-17, Five (5) Board Meetings were held on 7th May, 2016, 8th June, 2016, 23rd August, 2016, 25th November, 2016 and 11th February, 2017. The maximum gap between any two consecutive meetings did not exceed 120 days.

Physical attendance of Directors at the Board Meetings and the Annual General Meeting held during the year under review is as under:

Name of the Director	No. of Board of Meetings Attended	Attendance at last AGM 26th July, 2016
Mr. Anil Kumar Jain	5/5	Yes
Mr. R. N. Gupta @	1/1	Not Applicable
Mr. Mohit Jain $	4/4	Yes
Mr. Kailash R. Lalpuria	5/5	Yes
Mr. Kamal Mitra	5/5	Yes
Mr. P. N. Shah	5/5	No
Mr. R. Anand	5/5	No
Mr. Dilip J. Thakkar	3/5	No
Mr. Prem Malik	4/5	No
Mr. Sushil Kumar Jiwarajka	5/5	No
Dr. (Mrs.) Vaijayanti Pandit	5/5	No

@ *Mr. R. N. Gupta resigned from the Board w.e.f. 9th May, 2016.*

$ *Mr. Mohit Jain was appointed as the Managing Director of the Company w.e.f. 9th May, 2016.*

(d) Board Meetings Procedure

The dates of Board Meetings are scheduled in advance. The agenda papers along with relevant explanatory notes and supporting documents are circulated within prescribed time to all Directors. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting.

Apart from any specific matter, the Board periodically reviews routine business items which includes approval of unaudited financial results along with limited review report, operational performance of the Company, noting minutes of various committee meetings, quarterly corporate governance report, statement of investor complaints, shareholding pattern, compliance report on all laws applicable to the Company, annual financial statements, annual budget, capital expenditure and other matters placed pursuant to Part A of Schedule II of the Listing Regulations.

3. AUDIT COMMITTEE

(a) Terms of reference

The scope and terms of reference of the Audit Committee covers matters specified under Part C of Schedule II of the Listing Regulations and Section 177 of the Companies Act, 2013. The terms of reference of the Audit Committee *inter-alia* includes following matters:

Financial Reporting and Related Processes

- Oversight of the Company's financial reporting process and disclosure of financial information.
- Reviewing with the Management, the quarterly unaudited financial results / statements and Limited Review Report thereon / audited annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, *inter-alia*, include reviewing changes in the accounting policies, if any, major accounting estimates based on exercise of judgment by the Management and significant adjustments made in the financial statements.
- Reviewing the Management Discussion & Analysis of financial and operational performance.
- Scrutiny of inter-corporate loans and investments.

Internal Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's internal control system. Review and discuss with management, the Company's major financial risk exposures and steps taken by the Management to monitor and control such exposure.
- Review adequacy of internal audit function, internal audit reports and discussion with Internal Auditors on significant findings and follow-up thereon.
- To oversee and review the functioning of a Vigil Mechanism and to review findings of investigation into cases of material nature and the actions taken in respect thereof.
- Approval of Related Party Transactions and review on a quarterly basis.
- Approval of appointment of Chief Financial Officer.

Audit & Auditors

- Review the scope of the Statutory Auditor, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- Review and recommend to the Board, appointment, remuneration and terms of appointment of the Auditors.
- Approval of such other services to be rendered by the Statutory Auditors except those enumerated in Section 144 of the Companies Act, 2013 and payment for such services.

(b) Composition and Meetings

As on 31st March, 2017, the Audit Committee comprises of 4 Directors / Members out of which 3 are Independent Directors. During the year under review, Mr. Kailash R. Lalpuria was appointed as a member of the Audit Committee w.e.f. 9th May, 2016, in place of Mr. R. N. Gupta.

All Members of the Audit Committee are professionals, experienced and possess sound knowledge of finance, accounting practices and internal controls.

During the year under review, Five (5) Audit Committee Meetings were held on 7th May, 2016, 8th June, 2016, 23rd August, 2016, 25th November, 2016 and 11th February, 2017. The time gap between any two consecutive Audit Committee Meetings was not more than 120 days.

Physical Attendance of members at the Audit Committee Meetings held during the year under review is as under:

Name of the Director	Category	No. of Audit Committee Meetings Attended
Mr. P. N. Shah Chairman	Non-Executive Independent	5/5
Mr. R. Anand	Non-Executive Independent	5/5
Mr. Prem Malik	Non- Executive Independent	4/5
Mr. R. N. Gupta (upto 9th May, 2016)	Executive	1/1
Mr. Kailash R. Lalpuria (w.e.f. 9th May,2016)	Executive	4/4

The representatives of the Statutory Auditors, Internal Auditors and Chief Financial Officer are invitees to the Audit Committee Meetings and they attend and participate in the Meetings. Mrs. Amruta Avasare, Company Secretary is Secretary to the Audit Committee and attends the meetings.

Mr. R. Sundaram, Chief Financial Officer of the Company passed away on 28th July, 2016. Mr. Dilip Kumar Ghorawat was appointed as Chief Financial Officer of the Company w.e.f. 12th September, 2016.

Due to health issues, Chairman of the Audit Committee was not able to attend the Annual General Meeting ("AGM") held on 26th July, 2016 and authorised Mr. Kailash R. Lalpuria, Executive Director and Member of Audit Committee, to represent him and answer to queries of shareholders. Mr. Kailash R. Lalpuria represented the Audit Committee Chairman at the said AGM.

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

(a) Composition, Terms of Reference and Meetings

The scope and terms of reference of the Stakeholders' Relationship Committee ("SRC") inter-alia is as under:

- Consider and resolve the grievances of security holders of the company including complaints related to transfer, transmission, demat of securities, non-receipt of annual report/declared dividends etc.
- Recommend measures for overall improvement of the quality of investor services.

During the year under review, the Board had delegated powers to take decisions relating to sub-division of equity shares of the Company to the Stakeholders' Relationship Committee. Accordingly, the SRC took decisions relating to fixation of Record Date for sub-division and approval of New Share Certificate, approval of summary of issue of shares after sub-division and issuance of shares in physical and demat mode etc.

During the year under review, 4 (Four) meetings of Stakeholders' Relationship Committee were held on 22nd August, 2016, 7th October, 2016, 17th November, 2016 and 6th January, 2017.

The composition and physical attendance of members at the Stakeholders' Relationship Committee Meetings held during the year under review is as under:

Name of the Director	Category	No. of SRC Meetings Attended
Dr. (Mrs.) Vaijayanti Pandit, Chairperson	Non-Executive Independent	4/4
Mr. Anil Kumar Jain	Executive	4/4
Mr. R. N. Gupta (upto 9th May, 2016)	Executive	NA
Mr. Mohit Jain (w.e.f. 9th May, 2016)	Executive	3/4

(b) Compliance Officer

Mrs. Amruta Avasare is the Company Secretary and Compliance Officer of the Company.

(c) Investor Complaints

During the year under review, 12 complaints were received from the shareholders out of which 11 complaints were duly resolved. As on 31st March, 2017, 1 complaint was pending and the same has been resolved subsequently.

5. NOMINATION AND REMUNERATION COMMITTEE

(a) Brief description of terms of reference

The terms of reference of the Nomination and Remuneration Committee ("NRC") covers the areas mentioned under Part D of Schedule II of the Listing Regulations and Section 178 of the Companies Act, 2013 which inter alia, includes:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees.

- Lay down criteria for identifying and selection of candidates for appointment as Directors/ Independent Directors and KMP and other Senior Management positions;
- Recommendation to the Board on appointment, re-appointment, removal of Directors, Senior Management Personnel and KMP in accordance with the criteria laid down.
- Recommendation to the Board on remuneration of Managing Director/ Executive Directors/KMP and also revision in remuneration.
- Formulation of the criteria for evaluation of performance of every Director and carry out performance evaluation of Directors and recommendation to the Board on whether to extend or continue the term of appointment of Independent Director.
- Devising a policy on Board Diversity.

(b) Composition, Meetings and Attendance

As on 31st March, 2017, NRC comprises of Mr. Prem Malik, Non-Executive Independent Director as Chairman, Mr. Sushil Kumar Jiwarajka and Dr. (Mrs.) Vaijayanti Pandit, Non - Executive Independent Directors of the Company as Members.

During the year under review, 4 (Four) Meetings of NRC were held on 6th April, 2016, 6th May, 2016, 23rd August, 2016 and 11th February, 2017. All members of the NRC attended the said meetings.

(c) Policy for selection and appointment of Directors and their remuneration

The Nomination and Remuneration Committee (NRC) has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Key Managerial Personnel and their remuneration.

The Nomination and Remuneration Policy is given below:

I. Criteria of selection of Directors

a. The Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

b. In case of appointment of Independent Directors, the NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

c. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

d. The NRC shall consider the following attributes / criteria, while recommending to the Board, the candidature for appointment as a Director:

I. Qualification, expertise and experience of the Directors in their respective fields;

II. Personal, Professional or business standing;

III. Diversity of the Board.

e. In case of re-appointment of Directors, the NRC shall take into consideration the performance evaluation of the Director and his engagement level, for making recommendation to the Board.

II. Remuneration of Independent Directors

The Independent Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board and Committee meetings and commission as detailed hereunder:

a. Independent Directors shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

b. Independent Directors shall also be entitled to receive commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the NRC.

c. The NRC may recommend to the Board, the payment of commission on uniform basis, to all the Independent Directors.

d. The NRC may recommend commission for the Executive Directors taking into consideration their overall responsibilities, terms of appointment, individual performance, company performance and performance evaluation.

e. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, introduced by the Company.

III. Remuneration of Managing Director/ Executive Directors/ Senior Management Personnel

The remuneration of Managing Director and Executive Directors shall be determined after taking into account the Company's overall performance, their individual contribution for the same and trends in the industry in general. The remuneration shall be subject to the approval of the members of the Company in General Meeting. The remuneration of Managing Director/Whole Time Directors shall be recommended by NRC and approved by the Board within the overall limit approved by the members of the Company.

The Remuneration for Senior Management employees shall be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate operational performance benchmarks.

The remuneration of the Directors for the financial year ended 31st March, 2017 is as under:

Name of the Director	Tenure	Remuneration for the financial year ended 31st March, 2017 (₹ in Lakhs)					
		Basic Salary	Perquisites & Allowances	Provident Fund	Sitting Fees	Commission	Total
Mr. Anil Kumar Jain	Upto 30th September, 2019	180.00	231.85	21.60	-	628.58	1062.03
Mr. R. N. Gupta	Upto 9th May, 2016	2.40	1.84	-	-	-	4.24
Mr. Mohit Jain	Upto 8th May, 2021	107.42	150.39	12.89	-	471.43	742.13
Mr. Kailash R. Lalpuria	Upto 30th September, 2019	37.60	46.22	-	-	10.00	93.82
Mr. Kamal Mitra		20.75	1.00	2.49	-	-	24.24

Name of the Director	Tenure	Remuneration for the financial year ended 31st March, 2017 (₹ in Lakhs)					
		Basic Salary	Perquisites & Allowances	Provident Fund	Sitting Fees	Commission	Total
Mr. P. N. Shah	Upto 15th August, 2019	-	-	-	1.10	1.00	2.10
Mr. R. Anand		-	-	-	1.10	1.00	2.10
Mr. Dilip J. Thakkar		-	-	-	0.70	1.00	1.70
Mr. Prem Malik		-	-	-	1.30	1.00	2.30
Mr. Sushil Kumar Jiwarajka		-	-	-	1.00	1.00	2.00
Dr. (Mrs.) Vaijayanti Pandit		-	-	-	1.70	1.00	2.70

Notes:

1. None of the Non-Executive Independent Directors are holding equity shares or convertible instruments of the Company as on 31st March, 2017 except Mr. Prem Malik who is holding 1,500 Equity Shares of ₹ 2/- each of the Company.
2. There is no separate provision for payment of severance fees. The notice period for the Executive Directors is governed by the service rules of the Company.
3. The Independent Directors are paid sitting fees of ₹ 10,000/- each for attending Board Meetings, all Committee Meetings and Independent Directors Meetings and Commission of ₹ 1,00,000/- per year.
4. Apart from commission, there are no variable components and performance linked incentives.
5. None of the Non-Executive Directors have any pecuniary relationship or transaction with the Company.
6. The remuneration of Mr. R. N. Gupta is for the period 1st April, 2016 to 9th May, 2016.
7. The remuneration of Mr. Mohit Jain is w.e.f. 9th May, 2016.

Criteria of making payment to Non-Executive Directors

The criteria for making payment to Non-Executive Directors of the Company is disclosed under web-link http://www.indocount.com/images/investor/ICIL_Criteria-for-making-payments-to-No Executive-Directors.pdf.

Stock options

The Company does not have any Employee Stock Option Scheme.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In compliance with Section 135 of the Companies Act, 2013, the Board has constituted the Corporate Social Responsibility ("CSR") Committee comprising of Dr. (Mrs.) Vaijayanti Pandit, Non-Executive Independent Director as Chairperson and Mr. Anil Kumar Jain and Mr. Kailash R. Lalpuria as members.

The terms of reference of CSR Committee, inter alia, includes formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, recommend the amount of expenditure to be incurred on the CSR activities, provide guidance on various CSR activities to be undertaken by the Company, monitor the CSR Policy of the Company and review of CSR expenditure from time to time.

During the year under review, 3 (Three) meetings of CSR Committee were held on 22nd August, 2016, 24th November, 2016 and 4th February, 2017 and the same were attended by all members of the committee.

A Report on CSR Activities carried out by the Company during FY 2016-17 is provided as Annexure 2 to the Board's Report.

7. (a) Share Transfer Committee

During the year under review, Mr. Mohit Jain was appointed as the member of Share Transfer Committee in place of Mr. R. N. Gupta w.e.f. 9th May, 2016. As on 31st March, 2017, the Share Transfer Committee comprises of Mr. Anil Kumar Jain, as Chairman, Mr. Mohit Jain and Mr. Kailash R. Lalpuria as members of the Committee.

The Committee deals with various matters relating to share transfers, transmission, issue of duplicate share certificates, change / transposition/ deletion of name, split and consolidation of shares, re-materialisation of shares. The Share Transfer Committee meetings are held generally on a weekly basis to approve the said matters. During the year under review, 48 share transfer committee meetings were held on 11th April, 2016, 18th April, 2016, 25th April, 2016, 2nd May, 2016, 9th May, 2016,16th May, 2016, 23rd May, 2016, 30th May, 2016, 6th June, 2016, 13th June, 2016, 20th June, 2016, 27th June, 2016, 4th July, 2016, 11th July, 2016, 18th July, 2016, 25th July, 2016, 1st August, 2016, 8th August, 2016, 16th August, 2016, 22nd August, 2016, 29th August, 2016, 6th September, 2016, 12th September, 2016, 26th September, 2016, 3rd October, 2016, 10th October, 2016, 17th October, 2016, 24th October, 2016, 2nd November, 2016, 7th November, 2016, 14th November, 2016, 15th November, 2016, 12th December, 2016, 19th December, 2016, 26th December, 2016, 2nd January, 2017, 7th January, 2017, 19th January, 2017, 21st January, 2017, 30th January, 2017, 6th February, 2017, 13th February, 2017, 20th February, 2017, 23rd February, 2017, 6th March, 2017, 16th March, 2017, 20th March, 2017 and 22nd March,2017.

Physical attendance of members at the Share Transfer Committee Meetings held during the year under review is as under:

Name of the Director	Category	No. of Share Transfer Committee Meetings Attended
Mr. Anil Kumar Jain, Chairman	Executive	42/48
Mr. R. N. Gupta (upto 9th May, 2016)	Executive	4/4
Mr. Mohit Jain (w.e.f. 9th May, 2016)	Executive	38/44
Mr. Kailash R. Lalpuria	Executive	39/48

7. (b) Finance and Corporate Affairs Committee

During the year under review, the Board re-constituted Committee of Board of Directors / Finance & Corporate Affairs Committee to deal with routine financial and administrative matters as per the powers delegated to the committee including but not limited to consider and approve borrowings from banks upto certain limits, opening & closing bank accounts of the Company, change in signatories of bank accounts of the Company.

During the year under review, 11 (Eleven) meetings of Committee of Board of Directors / Finance & Corporate Affairs Committee were held on 7th April, 2016, 8th June, 2016, 29th June, 2016, 30th July, 2016, 25th August, 2016, 7th September, 2016, 26th September, 2016, 19th October, 2016, 27th December, 2016, 3rd February, 2017 and 7th March, 2017.

As on 31st March, 2017, the Committee consists of 5 members.

The Composition and physical attendance of members at the Committee of Board of Directors / Finance & Corporate Affairs Committee Meetings held during the year under review is as under:

Name of the Director	Position	Attendance at the Committee Meetings
Mr. Anil Kumar Jain	Chairman	11/11
Mr. R.N. Gupta (upto 9th May, 2016)	Member	1/1
Mr. Mohit Jain (w.e.f. 9th May,2016)	Member	10/11
Mr. Kailash Lalpuria	Member	11/11
Mr. Sushil Kumar Jiwarajka (appointed w.e.f. 25th November, 2016)	Member	1/3
Mr. Dilip J. Thakkar (appointed w.e.f. 25th November, 2016)	Member	3/3

8. GENERAL BODY MEETINGS

(a) Annual General Meetings:

The details of last three Annual General Meetings of the Company are as follows:

Financial Year	Day, Date & Time	Venue
2013-14	Saturday, 23rd August, 2014 at 12.00 Noon	Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatakanagale, District Kolhapur 416 109, Maharashtra
2014-15	Saturday, 22nd August, 2015 at 12.30 p.m.	
2015-16	Tuesday, 26th July, 2016 at 12.30 p.m.	Hotel Pavillion, Conference Room, 1st Floor, 392, E Ward, Assembly Road, Near Basant Bahar Theater, Shahpuri, Kolhapur – 416 001, Maharashtra.

(b) Special resolutions passed at the last three Annual General Meetings (AGM) of the Company:

1. **At the AGM held on 23rd August, 2014**
   - (i) To appoint a Director in place of Mr. R. N. Gupta, who retires by rotation at this AGM and being eligible has offered himself for re-appointment.
   - (ii) To approve payment of remuneration to Non - Executive Independent Directors of the Company.
   - (iii) To adopt new Articles of Association of the Company.
   - (iv) Increase in the remuneration of Mr. Anil Kumar Jain, Chairman and Managing Director of the Company.
   - (v) Increase in the Borrowing powers of the Company.
   - (vi) Increase in Commission payable to M/s. Unic Consultant.

2. **At the AGM held on 22nd August, 2015 -** NIL

3. **At the AGM held on 26th July, 2016-**
   - (i) To appoint Mr. Mohit Anilkumar Jain as the Managing Director of the Company for a period of 5 years w.e.f. 9th May, 2016.
   - (ii) To re-appoint Mr. Anil Kumar Jain, Executive Chairman of the Company for a period of 3 years w.e.f. 1st October, 2016.
   - (iii) To re-appoint Mr. Kailash R. Lalpuria, Executive Director for a period of 3 years w.e.f. 1st October, 2016.
   - (iv) To re-appoint Mr. Kamal Mitra, Director (Works) for a period of 3 years w.e.f. 1st October, 2016.
   - (v) Increase in borrowing powers of the Board upto ₹ 1,600 Crores pursuant to Section 180(1) (c) of the Companies Act, 2013.
   - (vi) To create charge for borowings upto ₹ 1,600 Crores pursuant to Section 180(1) (a) of the Companies Act, 2013.

(c) Extra-Ordinary General Meeting:

No Extra-Ordinary General Meeting was held during the year under review.

(d) Postal Ballot:

(i) During the year under review, one postal ballot was conducted and the following ordinary resolutions were passed by requisite majority as per the following details:

Date of Notice	Resolution	Votes in favour of the resolution		Votes against the resolution		Date of passing of the resolutions
		No. of votes	% to total votes	No. of votes	% to total votes	
23rd August, 2016	Sub-division of Equity Shares of the Company from the Face Value of ₹ 10/- per share to Face Value of ₹ 2/- per share.	26871215	99.99%	160	0.01%	29th September, 2016
	Alteration of Capital Clause of Memorandum of Association of the Company.	26865600	99.99%	232	0.01%	

(ii) Person who conducted the Postal Ballot exercise

Mr. Virendra G. Bhatt, Practicing Company Secretary was appointed as Scrutinizer for the said Postal Ballot.

(iii) Procedure for Postal Ballot

The Notice, Explanatory Statement along with the Postal Ballot Form and self-addressed, postage pre-paid envelope, were dispatched to all members of the Company to enable them to vote on the resolutions within a period of 30 days from the date of dispatch of notice. The postal ballot notice along with form was sent through email to those members whose email id were registered with the Company / Depository Participant. Apart from voting through postal ballot form, facility of E-voting was also provided to all members of the Company pursuant to the provisions of Companies Act, 2013 through electronic platform of Central Depository Services (India) Limited (CDSL). After the last date of receipt of Postal Ballots/ completion of E-voting, the Scrutinizer, after due verification, submitted his report to the Executive Chairman. Thereafter, the result of the Postal Ballot was declared and was also filed with BSE Limited and National Stock Exchange of India Limited and with CDSL. The result was also hosted on the website of the Company at www.indocount.com.

(iv) Whether any special resolution is proposed to be conducted through Postal Ballot

At present, there is no proposal to pass any special resolution through postal ballot.

9. MEANS OF COMMUNICATION WITH MEMBERS

Website: The Company's website www.indocount.com contains *inter-alia* the updated information pertaining to quarterly, half-yearly and annual financial results, annual reports, official press releases, investor presentations, details of investor calls and meets, shareholding pattern, important announcements. The said information is available in a user friendly and downloadable form.

Financial Results: The quarterly, half yearly and annual financial results of the Company are submitted to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") after approval of the Board of Directors of the Company. The results of the Company are published in one English daily newspaper (Business Standard) and one Marathi newspaper (Tarun Bharat) within 48 hours of approval thereof. Apart from said publication, the Financial Results in Non-Statutory format are also published in Business Standard (all editions), Business Line, Financial Express and Mint.

Annual Report: Annual Report containing inter alia Standalone Financial Statements, Consolidated Financial Statements, Directors' Report, Auditors' Report, Corporate Governance Report, Management Discussion and Analysis is sent to the members of the Company and others entitled thereto and is also available on website of the Company.

Designated Exclusive Email ID: The Company has designated Email Id-icilinvestors@indocount.com exclusively for redressal of shareholder queries / investor servicing.

SCORES (SEBI Complaints Redressal System): SEBI has commenced processing of investor complaints in a centralized web based complaints redress system i.e. SCORES. The Company supported SCORES by using it as a platform for communication between SEBI and the Company.

Uploading on NEAPS & BSE Listing Centre: The quarterly results, quarterly compliances and all other corporate communications to the Stock Exchanges are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE.

Investor Presentations: The quarterly and annual Investor Presentations are uploaded on the website of the stock exchanges and the Company.

10. DISCLOSURES

a) Related Party Transactions

All transactions entered into with Related Parties as defined under the Companies Act, 2013, and the Listing Regulations during the financial year 2016-17 were in the ordinary course of business and arms length basis and omnibus approval of the Audit Committee was also obtained. During the financial year under review there were no materially significant transactions with related parties having potential conflict with the interest of the Company at large. Material related party transactions were entered into by the Company only with its wholly owned subsidiary. Necessary disclosures regarding Related Party Transactions are given in the notes to the Financial Statements.

The Board has approved a policy for Related Party Transactions and the same has been uploaded on the website of the Company. The web-link thereto is http://www.indocount.com/form/1458990559.pdf.

b) Statutory Compliance, Penalties and Strictures

The Company has complied with all the requirements of the Stock Exchanges / SEBI / and other statutory authorities on all matters related to the capital markets during the last three years. There were no penalties or strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on matters relating to capital markets during the last three years.

c) Vigil Mechanism / Whistle Blower Policy

In line with the Companies Act, 2013, and the Listing Regulations, the Company has formulated Vigil Mechanism/Whistle Blower to report concerns about unethical behaviour, actual or suspected incidents of fraud or violation of Code of Conduct, that could adversely impact the Company's operations, business performance and/ or reputation, in a secure and confidential manner. The Vigil Mechanism/ Whistle Blower Policy has been placed on the website of the Company and web-link thereto is http://www.indocount.com/images/investor/Indo-Count-Whistle-Blower-Policy- Vigil-Mechanism.pdf.

The said policy provides for adequate safeguard against victimization of directors/ employees who avail of such mechanism and provides access to the Chairman of the Audit Committee, in exceptional cases. It is affirmed that no person has been denied access to the Audit Committee, no complaint has been received during the year under review.

d) Subsidiaries

During the year under review, the Company does not have material subsidiary as per the criteria specified in the Listing Regulations. However, the Company has adopted a policy on material subsidiaries and the same is uploaded on the website of the Company which can be accessed through the web-link http://www.indocount.com/images/investor/ICIL-Policy-on-Material-Subsidiaries.pdf

The Audited Annual Financial Statements of Subsidiaries are tabled at the Audit Committee and Board Meeting of the Company.

e) Code of Conduct

Integrity, transparency and trust form part of the core beliefs of all activities at Indo Count, which has been the basis of its growth and development. The Company has adopted a Code of Conduct applicable to all its Directors and members of the Senior Management which is in consonance with the requirements of the Listing Regulations. The said code is available on the website of the Company and can be accessed through web-link http://www.indocount.com/images/investor/Indo-Count-Code-of-Conduct.pdf.

All the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct of the Company for the year ended 31st March, 2017. A declaration to this effect signed by Mr. Mohit Jain, Managing Director forms part of this Report as Annexure I.

f) Compliance with Indian Accounting Standards (Ind AS)

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs from time to time. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

There is no deviation in following the treatments prescribed in Ind AS in preparation of financial statements for the year 2016-17.

g) Risk Management

The risk assessment and minimization procedures are in place and the Board is regularly informed about the business risks and the steps taken to mitigate the same.

h) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration Committee. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

At a separate meeting of Independent Directors held on 21st April, 2016, performance of the Executive Chairman was assessed inter-alia on the basis of parameters such as Leadership qualities, Ability of Steering meetings, contribution towards Company's performance, level of engagement and participation at Board Meetings. Further, at the said meeting, performance evaluation of the other Whole-Time Directors including the Managing Director was also carried out inter-alia with the parameters such as level of Participation at Board/Committee Meetings, Knowledge and Skills, Contribution towards growth of the Company, decision making, safeguarding the interest of the Company and stakeholders etc.

The Board evaluated its own performance and of Committees of the Board on the parameters like Board Composition, adherence to Mission, Policy and Planning, Board Discussions and Process, Discharging functions, Establishment and delineation of responsibilities to committees, Stakeholder Value and Responsibility, avoidance of Conflict of Interest, Facilitation of Independent Directors, Corporate culture and Values and Quality and Timeliness of flow of information. The Board also carried out performance evaluation of Independent Directors.

The performance evaluation was carried out through structured questionnaire / assessment sheet circulated to all Directors. The Directors were required to evaluate the performance by providing rating against each parameter.

The Board unanimously expressed their satisfaction with the evaluation process.

i) CEO / Managing Director & CFO Certification

In terms of requirement of Regulation 17(8) of the Listing Regulations, Mr. Mohit Jain, Managing Director and Mr. Dilip Kumar Ghorawat, Chief Financial Officer have furnished certificate to the Board for the year ended 31st March, 2017 in the prescribed format. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on 15th May, 2017.

j) Reconciliation of Share Capital Audit Report

In terms of the provisions of Clause 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary with a view to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") and those held in physical form with the total issued, paid up and listed capital of the Company. The audit report, inter alia, confirms that the Register of Members is duly updated and that demat/ remat requests were confirmed within stipulated time etc. The said report is also submitted to BSE Limited and National Stock Exchange of India Limited.

k) Code for Prevention of Insider Trading

The Company has adopted a code of conduct to regulate, monitor and report trading by insiders for prevention of Insider Trading in the shares of the Company. The code, inter-alia, prohibits purchase / sale of shares of the Company by Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company.

l) Compliance with Mandatory and Non-Mandatory Requirements

The Company has complied with all mandatory requirements of Corporate Governance specified in the Listing Regulations. The Company has adopted discretionary requirements specified in Part E of Schedule II of the Listing Regulations as given below:

The Board: The Company does not have a Non-Executive Chairman.

Shareholder's Rights: Quarterly, half- yearly, annual financial results of the Company are published in English and Marathi newspapers and are also forwarded to BSE and NSE. The said results are also uploaded on the website of the Company at www.indocount.com. Hence the same are not sent to the Shareholders of the Company.

Modified Opinion in Audit Report: There was no qualification or modified opinion in Independent Auditors Report on Financial Statements for the year ended 31st March 2017 nor in past 2 years.

Separate posts of Chairperson and Chief Executive Officer: As on 31st March, 2017, Mr. Anil Kumar Jain is the Executive Chairman of the Company. Mr. Mohit Jain was appointed as Managing Director of the Company w.e.f. 9th May, 2016. Thus, there are separate posts for Chairman and Managing Director.

Reporting of Internal Auditors: The Internal Auditor of the Company is permanent invitee to the Audit Committee Meeting. He is present in each Audit Committee Meeting and presents his Internal audit observations to the Audit Committee. He directly interacts with Audit Committee Members during the meeting.

m) Compliance with the requirements of Corporate Governance

All the requirements of Corporate Governance specified in Regulation 17 to 27 of the Listing Regulations and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations have been complied with.

n) The Management Discussion and Analysis is given separately and forms part of this Annual Report.

11. CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE

The certificate regarding compliance of the conditions of corporate governance for the year ended 31st March, 2017 given by M/s B. K. Shroff & Company, Statutory Auditors is given as Annexure II to this Report.

12. GENERAL SHAREHOLDERS' INFORMATION

Annual General Meeting

Day & Date	:	Monday, 21st August, 2017
Time	:	12.30 p.m.
Venue	:	Hotel Vrishali Executive, Conference Hall, 1st Floor, 39 A/2, Tarabai Park, District Kolhapur - 416 003, Maharashtra

Financial Year : 1st April to 31st March

Tentative Financial Calendar (for Financial Year 2017-18) for approval of:

Financial Results for 1st Quarter 2017-18 (Unaudited)	On or before 14-08-2017
Financial Results for 2nd Quarter 2017-18(Unaudited)	On or before 14-11-2017
Financial Results for 3rd Quarter 2017-18 (Unaudited)	On or before 14-02-2018
Financial Results for 4th Quarter and year 2017-18 (Audited)	On or before 30-05-2018

Date of Book Closure

The Register of Members and the Share Transfer books will remain closed from Wednesday, 9th August, 2017 to Thursday, 10th August, 2017 (both days inclusive) for the purpose of Annual General Meeting and Final dividend for the Financial Year 2016-2017.

Dividend Payment Date

During the year under review, final dividend for FY 2015-16 and interim dividend for FY 2016-17 was paid on 1st August 2016 and 28th February, 2017 respectively. The Final Dividend for FY 2016-17, if declared at the ensuing Annual General Meeting, shall be paid within thirty days from the date of Annual General Meeting.

Listing on Stock Exchanges

BSE Limited
Phiroze Jeejeebhoy Towers Dalal Street,
Mumbai - 400 001
Scrip Code: 521016

The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
NSE Symbol: ICIL

Listing Fees

The Company has paid Listing Fees till 2017-2018 to BSE Limited and The National Stock Exchange of India.

Annual Custody Fees

The Company has paid the annual Custody Fees to Central Depository Services (India) Limited and National Securities Depository Limited for the year 2017-2018.

International Securities Identification Number (ISIN) for equity shares of the Company

After Sub-division w.e.f. 15th November, 2016 new ISIN for the equity shares of face value of ₹ 2/- is **INE483B01026**. (Old ISIN INE483B01018 for equity shares of face value of ₹ 10/- has been de-activated w.e.f. 15th November, 2016).

Corporate Identity Number (CIN):

L72200PN1988PLC068972

Market Price Data

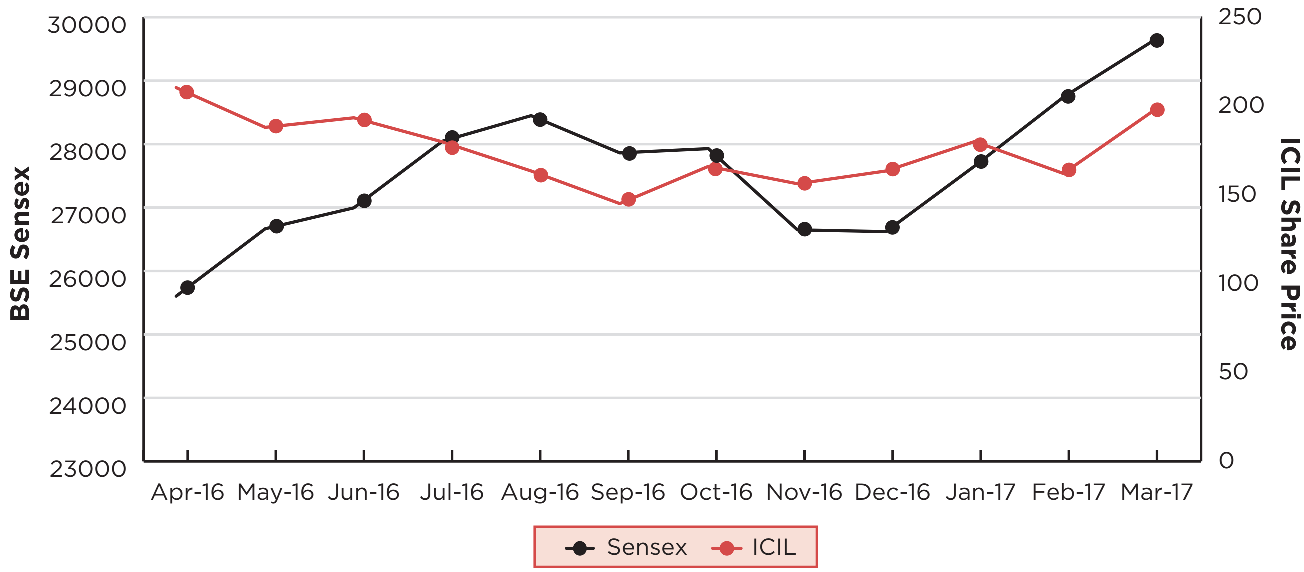
The monthly high and low quotations of the closing price and volume of shares traded at BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE) from April, 2016 to March, 2017 are as under:

Month	BSE			NSE		
	High (in ₹)	Low (in ₹)	Volume (Nos.)	High (in ₹)	Low (in ₹)	Volume (Nos.)
April-16	1079.30	966.40	1,16,549	1,076.90	963.00	794,492
May-16	1081.70	890.00	3,00,817	1,083.00	890.25	15,17,153
June-16	984.35	870.00	3,66,973	984.40	867.80	14,32,376
July-16	1012.60	850.00	2,09,516	1,013.00	850.00	15,87,527
August-16	945.05	773.00	9,55,328	949.00	750.30	52,39,269
September-16	826.80	700.00	3,77,520	829.55	702.20	22,14,189
October-16	835.00	695.00	3,48,920	839.90	693.50	32,44,495
November-16*	856.00	134.60	9,34,004	855.55	135.00	79,83,387
December-16	167.90	147.00	10,41,993	167.40	147.20	95,83,539
January-17	188.90	160.30	11,75,715	189.20	160.05	1,16,49,735
February-17	191.90	159.05	8,72,196	192.15	159.00	1,14,23,107
March-17	204.90	158.00	45,44,453	205.00	158.00	3,47,40,112

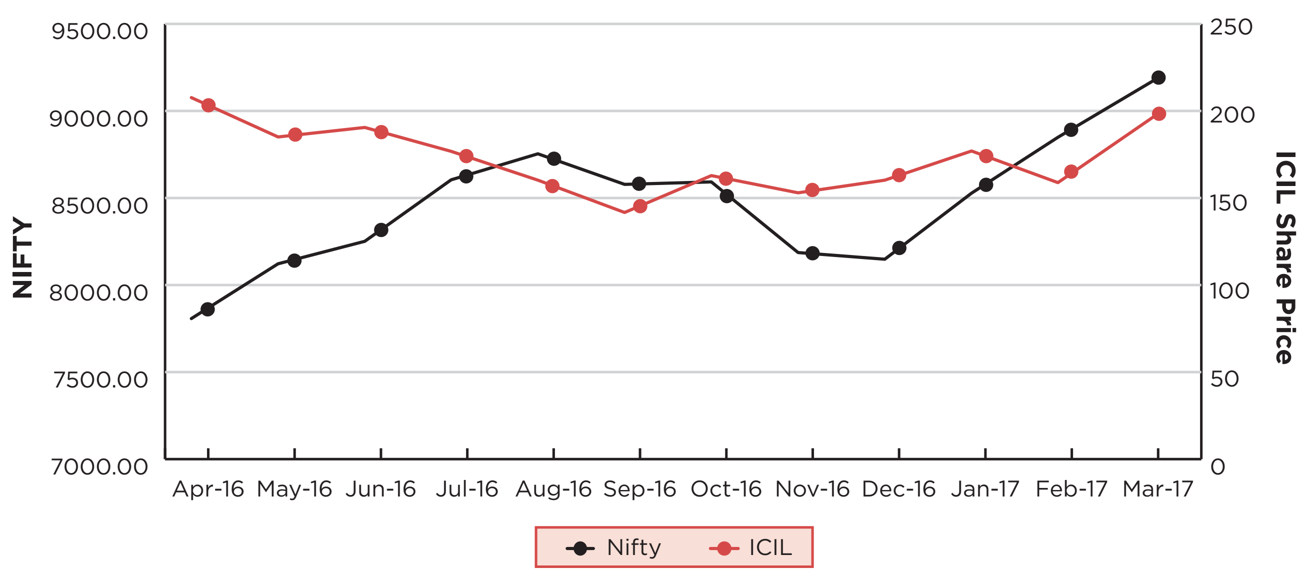
Source : BSE and NSE Website

* The equity shares of the Company were sub-divided from Face Value of ₹ 10/- each to Face Value of ₹ 2/- each w.e.f. 15th November, 2016.

Performance of Share Price of the Company in comparison to the BSE Sensex



Performance of Share Price of the Company in comparison to the Nifty



Registrar & Transfer Agent

Link Intime India Private Limited
C-101, 247 Park,
L B S Marg, Vikhroli (West),
Mumbai – 400 083
Tel No: 022 - 49186270
Fax No: 022- 49186060
Email: indocount@linkintime.co.in
rnt.helpdesk@linkintime.co.in

Share Transfer System

Transfer of equity shares in dematerialized form is done through the depositories without any involvement of the Company. Share transfers in physical form are processed by Link Intime India Private Limited, Registrar & Transfer Agents and the share certificates are generally returned to the transferee(s) within a period of fifteen days from the date of receipt of transfer documents provided that the transfer documents are complete in all respects. The Board has constituted Share Transfer Committee which approves share transfers, transmission, issue of duplicate share certificates etc. on a weekly basis. In terms of Regulation 40(9) of the Listing Regulations, every six months, a Company Secretary in practice undertakes audit of the share transfer related activities and the compliance certificate issued upon audit is submitted to BSE and NSE.

Distribution of Shareholding as on 31st March, 2017

No. of equity shares	No. of Shareholders	% of Shareholders	No. of shares held	% of shareholding
Upto 500	28835	70.87	6,119,730	3.10
501 – 1000	7732	19.00	5,497,329	2.79
1001 – 2000	2010	4.94	2,942,523	1.49
2001 – 3000	800	1.97	2,019,543	1.02
3001 – 4000	285	0.70	1,004,023	0.51
4001 – 5000	292	0.72	1,388,571	0.70
5001 – 10000	325	0.80	2,351,303	1.19
Above 10000	408	1.00	176,076,648	89.20
Total	**40687**	**100.00**	**197,399,670**	**100.00**

Shareholding Pattern as on 31st March, 2017

Category of Shareholder	As on April 1, 2016 (Before Sub- Division)		As on March 31, 2017 (After Sub- Division)	
	No. of Equity shares (Face value of ₹ 10/- each)	Percentage of total paid-up Share Capital	No. of Equity shares (Face value of ₹ 2/- each)	Percentage of total paid-up Share Capital
A. Promoter and Promoter Group	23272350	58.95	116346750	58.94
B. Public Shareholding				
Mutual Funds / UTI	627049	1.59	7601656	3.85
Financial Institutions / Banks	41990	0.11	120556	0.06
Foreign Portfolio Investor (Corporate)	5245018	13.28	33910780	17.18
Individuals	6183579	15.67	26421800	13.38
Foreign Nationals	1250	0.00	1880	0.00
Trusts	0	0.00	10890	0.01
Hindu Undivided Family	138922	0.35	662212	0.34
Non Resident Indians (Non Repat)	54682	0.14	324048	0.16
Non Resident Indians (Repat)	191774	0.48	829530	0.42
Clearing Member	99175	0.25	782633	0.40
Bodies Corporate	3624145	9.18	10386935	5.26
Sub-Total (B)	**16207584**	**41.05**	**81052920**	**41.06**
Total (A+B)	**39479934**	**100.00**	**197399670**	**100.00**

Dematerialisation of shares and liquidity

The equity shares of the company are available for dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The equity shares of the Company have been notified by SEBI for settlement only in the demat form for all investors from 21st March, 2000.

As on 31st March 2017, 191,251,410 Equity Shares of the Company constituting 96.89% of the paid-up share capital of the Company are held in dematerialized form and 3.11% is held in Physical form. The Company's shares were regularly traded on the National Stock Exchange of India Limited and BSE Limited.

Shares held in demat and physical mode as on 31st March, 2017:

Category	Number of		% to total
	Shareholders	Shares	equity
Demat Mode			
NSDL	15837	176965230	89.65%
CDSL	13893	14286180	7.24%
Total Demat	**29730**	**191251410**	**96.89%**
Physical Mode	**10957**	**6148260**	**3.11%**
Grand Total	**40687**	**197399670**	**100.00%**

Outstanding GDR/ADR/warrants or any convertible instruments, conversion date and likely impact on equity

The Company does not have any outstanding GDR / ADR / warrants or any convertible instruments as on 31st March, 2017.

Commodity Price Risk or Foreign Exchange Risk and Hedging Activity

The details are provided in Management Discussion and Analysis.

Service of documents through electronic mode

As a part of Green initiative, the members who wish to receive documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report etc., through e-mail, may kindly intimate their e-mail address to Company / Registrar and Transfer Agents (for shares held in physical form) and Depository Participants (for shares held in dematerialized form).

Plant Locations

(1) D-1, MIDC, Gokul Shirgaon, Kolhapur – 416234, Maharashtra

(2) T-3, MIDC, Kagal, Hatkanangale, Kolhapur - 416216, Maharashtra

Address for correspondence

The Shareholders may contact Company or Registrar & Transfer Agent on below address:

The Company Secretary

Indo Count Industries Limited
301, 3rd Floor, "Arcadia",
Nariman Point,
Mumbai – 400 021
Phone : 022 - 4341 9500 / 501
Fax : 022 - 2282 3098
Email : amruta.avasare@indocount.com
icilinvestors@indocount.com

Registrar & Transfer Agent

Link Intime India Private Limited
C-101, 247 Park,
L B S Marg, Vikhroli (West),
Mumbai – 400 083
Tel No: 022 - 49186270
Fax No: 022 - 49186060
Email: indocount@linkintime.co.in
rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

On behalf of the Board of Directors
For INDO COUNT INDUSTRIES LIMITED

ANIL KUMAR JAIN
Executive Chairman
DIN: 00086106

Date: 15th May, 2017
Place: Mumbai

ANNEXURE I

DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

Pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that all the Board Members and Senior Management Personnel of Indo Count Industries Limited have affirmed compliance with the Code of Conduct for the year ended 31st March, 2017.

For INDO COUNT INDUSTRIES LIMITED

MOHIT JAIN
Managing Director
DIN: 01473966

Dated : 15th May, 2017
Place : Mumbai

ANNEXURE II

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

To
The Members,
Indo Count Industries Limited

We have examined the compliance of conditions of Corporate Governance by Indo Count Industries Limited ("the Company"), for the financial year ended on 31st March 2017, as per relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of the Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountant of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that performs Audits & Reviews of Historical Financial information and other Assurance & related service engagements.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Regulations as applicable.

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

For B. K. Shroff & Co.
Chartered Accountants
Reg. No. : 302166E

O. P. Shroff
Partner
Membership Number : 6329

Dated : 15th May, 2017
Place : Mumbai

Financial Statements

Standalone

Consolidated

INDEPENDENT AUDITORS' REPORT

To
The Members of
Indo Count Industries Limited

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of **Indo Count Industries Limited** ("the Company") which comprise the Balance Sheet as at 31st March,2017, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance and cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS Financial Statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its Loss (including other comprehensive income), its cash flows and the changes in equity for the period ended on that date.

Other Matters

The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 2, 2016 and May 9, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us ,on which we have expressed an unmodified opinion vide our report dated May 15,2017

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure 'A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

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

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial Statements- Refer Note Nos 29 and 38.

ii. The Company has made provisions, as required under the applicable laws or accounting standards, for material foreseeable losses, on long term contracts – Refer Note no 47, to the standalone Ind AS financial statements. Further the Company did not have any material foreseeable losses on derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company – Refer Note No. 25 to the financial statements.

iv. The company has provided requisite disclosures in the standalone Ind AS Financial Statements as regards its holdings and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with books of account maintained by the company and as produced to us by the management – Refer Note No. 43.

For **B. K. Shroff & Co.**
Chartered Accountants
Firm Reg. No. : 302166E

O. P. Shroff
Partner
Membership No.: 6329

Mumbai, May 15, 2017

Annexure "A" to the Independent Auditors' Report

Referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory Requirements" section of our report of even date to the members of Indo Count Industries Limited on the Standalone Ind AS Financial Statements for the year ended 31st March 2017.

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

(b) The fixed assets have been physically verified by the management during the year as per the phased program designed to cover all the fixed assets over a period, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Discrepancies noticed on such verification, which are not material, have been properly dealt with in the books of accounts.

(c) The title deeds of all immovable properties are in the name of the company.

ii. As explained to us, the inventories have been physically verified during the year by the management at reasonable intervals except stocks lying with third parties in respect of whom confirmations have been obtained and the discrepancies noticed on physical verification as compared to book record, which are not material, have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable.

iii. The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Act.

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 Act in respect to 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 deposits from the public within the meaning of Sections 73,74,75 and 76 of the Act and the rules framed thereunder to the extent notified.

vi. We have broadly reviewed the cost accounting records maintained by the company prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed records have been maintained. However, we are neither required to carry out nor have carried out detailed examination of such cost accounting records with a view to determine whether they are accurate or complete.

vii. We have broadly reviewed the cost accounting records maintained by the company prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that prima facie the prescribed records have been maintained. However, we are neither required to carry out nor have carried out detailed examination of such cost accounting records with a view to determine whether they are accurate or complete.

viii. According to the records of the company, examined by us and information and explanations given to us:

a) Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and others as applicable have generally been regularly deposited with the appropriate authorities except delay in few cases. There are no undisputed amounts payable in respect of aforesaid dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

b) There are no disputed dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax outstanding as at 31st March 2017 except:

Sl. No.	Name of the statute	Nature of the dues	Amount (₹ in lac)	Period to which the amount relates	Forum where dispute is pending
1.	Central Excise Act	Cenvat Credit availed on excise duty paid	40.30	2012-2013	Commission of Central Excise (A), Pune
2.	Central Excise Act	Cenvat Credit availed on excise duty paid	34.24	2011-2012	CESTAT (Tribunal)
3.	Central Excise Act	Excise Duty	1.40	2007-2008	Commission of Central Excise (A)
4.	Central Excise Act	Rebate Claim	13.98	2012-2013	Commission of Central Excise (A)
5.	Bombay Electricity Duty Act,1958	Electricity Duty	292.07	2000-2006	Supreme Court
6.	Central Excise Act	Service tax paid on Foreign Services	19.54	2009-2014	Commissioner Appeal, Kolhapur
7.	Central Excise Act	Service tax on commission on Sales	23.54	2010-2013	Commissioner Appeal, Pune
8.	DGFT	Export benefit under SHIS License	856.18	2012-2013	DGFT

ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution, banks and Government and dues to debenture holders.

x. In our opinion and according to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Further, the Term loans have been applied by the Company for the purposes for which they were raised.

xi. Based on the audit procedures performed 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.

xii. 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.

xiii. The Company is not a nidhi Company and hence reporting under clause (xii) pf Paragraph 3 of the CARO 2016 is not applicable.

xiv. In our opinion and according to the information and explanations given to us, the Company's transactions with its related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of related party transactions have been disclosed in the Standalone Ind AS financial statements etc as required by the applicable accounting standards in Note No. 39 of the Financial Statements.

xv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xv) of Paragraph 3 of the CARO 2016 is not applicable to the Company.

xvi. In our opinion and according to the information and explanation given to us, during the year, the company has not entered into any non-cash transactions with directors or persons connected with him and hence reporting under clause (xvi) of Paragraph 3 of the CARO 2016 is not applicable to the Company.

xvii. In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B.K Shroff & Co**
Chartered Accountants
Firm Registration Number: 302166E

O. P. Shroff
Partner

Mumbai, May 15, 2017

Membership No.: 6329

Annexure "B" to the Independent Auditor's Report

Referred to in paragraph 5(ii)(f) to the Independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Indo Count Industries Limited.

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

We have audited the internal financial controls over financial reporting of **Indo Count Industries Limited** ("the Company") as of March 31, 2017 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 Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and 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:

a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

b) 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

c) 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 31 March 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **B. K. Shroff & Co.**
Chartered Accountants
Firm Reg. No. : 302166E

O.P. Shroff
Partner
Membership No.: 6329

Mumbai, May 15, 2017

STANDALONE BALANCE SHEET

AS AT 31ST MARCH, 2017

₹ in lakhs

Particulars	Note No.	As at 31st, March 2017	As at 31st, March 2016	As at 1st, April 2015
ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment	5	49,720.98	45,384.12	35,872.58
(b) Capital work-in-progress	5	1,207.53	1,064.59	1,443.87
(c) Other Intangible Assets	6	196.57	153.27	159.28
(d) Financial Assets				
(i) Investments	7	1,960.95	1,880.34	1,880.31
(ii) Loans	8	190.87	195.76	89.30
(iii) Others	9	0.01	0.43	0.43
(e) Other Non-Current Assets	10	121.27	927.04	919.98
(2) Current Assets				
(a) Inventories	11	35,778.73	28,787.93	26,412.63
(b) Financial assets				
(i) Trade receivables	12	36,655.04	32,659.08	24,132.92
(ii) Cash and cash equivalents	13	755.73	1,543.52	1,591.79
(iii) Bank balances other than (ii) above	14	281.03	386.18	34.51
(iv) Loans	15	22.22	20.55	12.11
(v) Others	16	6,180.34	1,906.55	2,259.77
(c) Current Tax Assets (Net)	17	1,748.06	2,818.29	6,270.77
(d) Other Current Assets	18	9,168.32	10,588.15	12,443.66
TOTAL ASSETS		**143,987.65**	**128,315.80**	**113,523.91**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	19	3,947.99	3,947.99	3,947.99
(b) Other Equity		78,706.66	57,439.91	34,056.30
LIABILITIES				
(1) Non-Current Liabilities				
(a) Financial Liabilities				
Borrowings	20	2,138.64	5,747.06	6,965.47
(b) Provisions	21	181.41	76.74	138.33
(c) Deferred Tax Liabilities (Net)	22	11,494.74	8,504.46	7,705.93
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	23,822.83	26,680.96	26,225.72
(ii) Trade Payables	24	12,737.84	12,060.51	18,282.96
(iii) Other Financial Liabilities	25	7,734.98	9,588.54	13,126.20
(b) Other Current Liabilities	26	3,071.13	3,987.75	3,075.01
(c) Provisions	27	151.43	-	-
(d) Current Tax Liabilities (Net)	28	-	281.88	-
TOTAL EQUITY AND LIABILITIES		**143,987.65**	**128,315.80**	**113,523.91**
CONTINGENT LIABILITIES AND COMMITMENTS	38			
SIGNIFICANT ACCOUNTING POLICIES	3			

The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in lakhs

Particulars	Note No.	For the year ended 31st, March 2017	For the year ended 31st, March 2016
CONTINUING OPERATIONS			
I INCOME			
Revenue from operations	30	198,960.29	200,104.11
Other income	31	9,514.15	4,758.52
TOTAL INCOME		**208,474.44**	**204,862.63**
II EXPENSES			
Cost of materials consumed	32	108,990.59	104,633.53
Changes in inventories of finished goods, work in progress and stock-in-trade	33	(3,337.64)	112.83
Emloyee benefits expense	34	11,314.86	9,676.49
Finance cost	35	3,943.07	5,169.21
Depreciation and amortisation expense	36	3,118.05	2,884.38
Other expenses	37	49,635.08	46,059.83
TOTAL EXPENSES		**173,664.01**	**168,536.27**
III Profit before exceptional items and tax (I-II)		**34,810.43**	**36,326.36**
IV Exceptional items		**-**	**-**
V Profit before tax (III-IV)		**34,810.43**	**36,326.36**
VI Tax expense			
a) Current tax		9,231.18	11,602.56
b) Previous year tax		85.38	313.51
c) Deferred tax		3,048.75	750.58
d) MAT credit entitlement for earlier year		(357.64)	(108.45)
VII Profit for the year (V-VI)		**22,802.76**	**23,768.16**
VIII Other comprehensive income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement of the net defined benefit liability /asset		(168.96)	138.57
(ii) Income tax relating to items that will not be reclassified to profit or loss		58.47	(47.95)
IX Total comprehensive income for the year (VII+VIII)		**22,692.27**	**23,858.78**
X Earnings per equity share	42		
a) Basic (₹)		**11.55**	**12.04**
b) Diluted (₹)		**11.55**	**12.04**
SIGNIFICANT ACCOUNTING POLICIES	3		

The accompanying notes form an integral part of Financial Statements
As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

STANDALONE STATEMENT OF CHANGES IN EQUITY

AS AT 31ST MARCH, 2017

A. EQUITY SHARE CAPITAL

Particulars	Notes	₹ in lakhs
As at 1st April, 2015		**3947.99**
Changes in equity share capital	19(a)	-
As at 31st March, 2016		**3947.99**
Changes in equity share capital	19(a)	-
As at 31st March, 2017		**3947.99**

B. OTHER EQUITY

₹ in lakhs

Particulars	Reserves & Surplus					Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Retained Earnings	
Balance as at 01.04.2015	**198.81**	**-**	**1,653.72**	**750.00**	**31,453.77**	**34,056.30**
Total Comprehensive Income for the year	-	-	-	-	23,858.78	23,858.78
Interim Dividend on Equity Shares	-	-	-	-	(394.80)	(394.80)
Dividend Distribution Tax on Interim Dividend	-	-	-	-	(80.37)	(80.37)
Transferred to Retained Earnings	-	-	-	(750.00)	750.00	-
Capital Redemption Reserve on Preference Shares	-	250.00	-	-	(250.00)	-
Balance as at 31.03.2016	**198.81**	**250.00**	**1,653.72**	**-**	**55,337.38**	**57,439.91**
Total Comprehensive Income for the year	-	-	-	-	22,692.27	22,692.27
Final Dividend on Equity Shares	-	-	-	-	(394.80)	(394.80)
Dividend Distribution Tax on Final Dividend	-	-	-	-	(80.37)	(80.37)
Interim Dividend on Equity Shares	-	-	-	-	(789.60)	(789.60)
Dividend Distribution Tax on Interim Dividend	-	-	-	-	(160.75)	(160.75)
Balance as at 31.03.2017	**198.81**	**250.00**	**1,653.72**	**-**	**76,604.13**	**78,706.66**

The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in lakhs

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before exceptional items and tax		**34,810.43**		**36,326.36**
Adjustments for:-				
Depreciation and amortisation		3,118.05		2,884.38
Profit on sale of Assets		(0.55)		(5.60)
Finance Cost		3,943.07		5,169.21
Interest income		(679.09)		(901.80)
Other Comprehensive Income		(168.96)		138.57
Loss on Sale of Assets		108.66		20.01
Operating profit before working capital changes		**41,131.61**		**43,631.13**
Changes in working capital:				
Adjustment for (increase)/decrease in operating assets				
Non Current Financial Assets	5.32		(106.47)	
Other Non Current Assets	805.77		(7.06)	
Inventories	(6,990.81)		(2,375.29)	
Trade Receivables	(3,995.96)		(8,526.16)	
Current Financial Assets	(4,170.30)		(6.91)	
Other Current Assets	1,419.83	(12,926.15)	1,855.51	(9,166.38)
Adjustment for increase /(decrease) in operating liabilities				
Non Current Provisions	104.67		(61.59)	
Trade payables	677.33		(6,222.45)	
Other Current Financial Liabilities	(1,853.57)		(3,537.65)	
Other Current Liabilities	(916.62)		912.74	
Current Provisions	151.43	(1,836.76)	-	(8,908.95)
Net taxes (paid)/refund received		(8,170.56)		(8,073.26)
Net Cash flow from operating activities (A)		**18,198.14**		**17,482.54**
B) CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure		(7,928.65)		(12,040.52)
Proceeds from sale of assets		179.37		15.50
Proceeds from sale of non current investments		0.03		-
Purchase of non current investments		(80.64)		(0.03)
Interest Income		679.09		901.80
Net Cash flow from investing activities (B)		**(7,150.80)**		**(11,123.25)**
C) CASH FLOW FROM FINANCING ACTIVITIES.				
Net increase/(decrease) in non current borrowings		(3,608.41)		(1,218.42)
Net increase/(decrease) in current borrowings		(2,858.13)		455.24
Finance cost		(3,943.07)		(5,169.21)
Final Dividend on Equity Shares		(394.80)		-
Tax on Final Dividend		(80.37)		-
Interim Dividend on Equity Shares		(789.60)		(475.17)
Tax on Interim Dividend		(160.75)		-

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in lakhs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Net Cash flow from financing activities (C)	**(11,835.13)**	**(6,407.56)**
Net Increase /(decrease) in cash and cash equivalents (A+B+C)	**(787.79)**	**(48.27)**
Cash and cash equivalents at the beginning of the year	**1,543.52**	**1,591.79**
Cash and cash equivalents at the end of the year	**755.73**	**1,543.52**
Reconciliation of cash and cash equivalents with the balance sheet :		
Cash and cash equivalents as per Balance sheet	**755.73**	**1,543.52**
Cash and cash equivalents at the end of the year Comprises of:		
(a) cash in hand	7.99	24.51
(b) balance with banks		
- In Current accounts	747.74	1,519.01

As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

1. CORPORATE INFORMATION

Indo Count Industries Limited (the 'Company') is a limited company incorporated and domiciled in India whose shares are publicly traded. The registered office is located at Office No.1, Plot No.266, Village Alte, Kumbhoj Road, Taluka Hatkanagale, Dist. Kolhapur-416109, Maharashtra, India.

The Company is a one of the India's Home Textiles manufacturer. The Company has focused in some of the world's finest fashion, institutional and utility bedding and has built significant presence across the globe. It exports to more than 54 countries.

The Financial statements of the Company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 15th May 2017.

2. BASIS OF PREPARATION

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the said roadmap, the company is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Company have been prepared in accordance with the Ind AS.

For all periods up to and including the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the Accounting Standards notified under the section 133 of the companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2017 are the first the company has prepared in accordance with Ind AS (Refer Note 49 for information on how the Company has adopted Ind AS).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statement are presented in Indian Rupees ('INR') and all values are rounded to the nearest lakhs, except otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment:

As on 1st April, 2015 "transition date", the company opted to continue with the carrying value for all of its Property, plant and equipment as recognised in its previous GAAP financials as deemed cost. Accordingly, revaluation reserve standing in books as on transition date transferred to retained earnings. Gross block, accumulated depreciation and WDV amounts of revalued assets are added to cost of respective class of assets. After transition to IND-AS, company opted to follow cost model.

Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation on the property, plant and equipment

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

is provided over the useful life of assets as specified in schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

The Company, based on technical assessment made by technical expert and management estimate, depreciates the certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

In case of some items of plant, depreciation has been provided in range of 26 years (minimum) to 35 years (maximum) based on the technical evaluation of the remaining useful life which is different from the one specified in schedule II to the Companies Act, 2013.

Leased assets

Leasehold lands are amortised over the period of lease. Building constructed on leasehold land are depreciated based on the useful life specified in schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building. In other case, building constructed on leasehold lands are amortized over the primary lease period of the land.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

3.2 Investment properties

Investment properties comprise portions of freehold land and office building that are held for long-term rental yields and/or for capital appreciation. Investment properties are initially recognized at cost. Subsequently, investment property comprising of building is carried at cost less accumulated depreciation and impairment losses.

The cost includes the cost of replacing parts and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit and loss as incurred.

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Companies Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arise.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

derecognition.

3.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and Development Cost:

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

Patents and Trade Marks:

The Company made upfront payments to purchase patents and trade-marks. The patents have been granted for a period of 20 years by the relevant agency with the option of renewal at the end of this period. Trade-marks for the use of intellectual property are granted for a period of 10 years with the option of renewal at the end of this period.

A summary trade-marks of the policies applied to the Company's intangible assets is, as follows:

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Trade-Marks	Finite (10 years)	Amortised on a straight-line basis over the period of the trade-mark	Acquired
Patents	Finite (20 years)	Amortised on a straight-line basis over the period of the patent	Acquired

3.4 Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

3.5 Impairment of non-financial assets:

As at each balance sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exits or when annual impairment testing for an asset is required, if any, the Company determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and

- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transaction are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculation are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in profit and loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to other Comprehensive Income (the OCI) For Such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

a) **Raw material, packing material, construction material, stores & spares:**
Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

b) **Finished goods and work in progress:**
Cost includes cost of purchase and other costs incurred in bringing the inventories to

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

their present location and condition. Cost is determined on weighted average basis.

c) **Traded goods:**
Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

d) Wastage and rejections are valued at estimated realisable value.

Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.8 Foreign currency transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they are arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items is recognized in line with the gain or losses of the item that gave arise to the translation difference (i.e. translation differences on items whose gain or loss is recognized in other comprehensive income or the statement of profit and loss is also recognized in other comprehensive income or the statement of profit and loss respectively).

3.9 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.10 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be

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received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.11 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Revenue from sale of service is recongised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

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Interest Income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividends:

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Lease Income:

Lease agreements where the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals are recognized on straight-line basis as per the terms of the agreements in the statement of profit and loss.

3.12 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

3.13 Earnings per share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.14 Taxes

Current Income Tax:

- Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

- Current income tax relating to items recognized directly in equity and not in the statement of profit and loss. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax:

Deferred Tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred Tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

3.15 Segment accounting

The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of the nature of products / services.

a) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

c) Income which relates to the Company as a whole and allocable to segments is included in unallocable income.

d) Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax to the Company.

e) Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Inter-Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

3.16 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainly that the Company will obtain ownership by the end of the lease term, the asset is depreciated over shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating

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leases. Lease rentals are charges to the statement of profit and loss on straight line basis.

3.17 Employee benefits

i) Short-term employee benefits

All employee benefits payable only within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, etc. and the excepted cost of bonus, ex-gratia, and incentives are recognized in the period during which the employee renders the related service.

ii) Post-employment benefits

a) Defined contribution plans

State Government Provident Scheme is a defined contribution plan. The contribution paid / payable under the scheme is recognized in the statement of profit and loss during the period in which the employee renders the related services.

b) Defined Benefit Plans

The employee Gratuity Fund scheme and Leave Encashment scheme managed by different trusts are defined benefit plans.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gain and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognized in the statement of profit and loss in the period of plan amendment.

Net Interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Long-term employee benefit

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits

Termination benefits are recognized as an expenses in the period in which they are incurred.

3.18 Provision, Contingent liabilities, Contingent assets and Commitments

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-

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tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provision, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Warranty Provisions

Provision for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Liquidated damages

Provision for liquidated damages are recognized on contracts for which delivery dates are exceeded and computed in reasonable manner.

Other Litigation claims

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the assets with the contract.

3.19 Exceptional Items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activates of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

3.20 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the Company that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations,

Or

- is a subsidiary acquired exclusively with a view to resale.

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An entity shall not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

3.21 Financial Instruments

i) Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two broad categories:

- Financial asset at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test**: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

- **Cash flow characteristics test:** 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.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- **Cash flow characteristics test:** 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.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.

All other financial asset is measured at fair value through profit or loss.

All Equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the entity has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of

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financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either;

  a) The Company has transferred substantially all the risks and rewards of the asset, or

  b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Investment in associates, joint venture and subsidiaries

The Company has accounted for its investment in associates, joint venture, and subsidiaries at cost.

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12- months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to

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recognize impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk to be identified on a timely basis.

ii) Financial liabilities:

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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iv) Derivative financial instruments and hedge accounting

The company enters into derivative contracts to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognized at fair value on the date on which a derivate contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, expect for the effective portion of cash flow hedges, which is recognized in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

3.22 Business combination under common control

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a group.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respects of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

3.23 Preference Shares

i) Non-convertible Preference Shares

On issuance of non-convertible preference shares, the fair value is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

ii) Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require

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a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment

The Company has elected cost model for its PP& E and thus, the revaluation surplus existing as on the transition date under Indian GAAP has been derecognised in the retained earnings on the date of transition. Accordingly, depreciation on revaluation adjusted against revaluation surplus under Indian GAAP have been reversed under Ind AS and charged to statement of profit & loss.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

5. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Land - Leasehold	Land - Freehold	Buildings*	Plant & Machinery **	Furniture & Fixtures	Factory & Office Equipments	Vehicles	Total	Capital Work in Progress***
Gross Carrying Amount									
As at 01.04.2015	827.38	220.45	8,115.80	53,630.94	410.89	634.71	285.01	64,125.18	1,443.87
Additions	-	-	1,831.64	10,248.14	29.25	226.06	36.06	12,371.15	-
Disposals / Transfers	-	-	-	360.72	-	13.35	9.15	383.22	379.28
As at 31.03.2016	**827.38**	**220.45**	**9,947.44**	**63,518.36**	**440.14**	**847.42**	**311.92**	**76,113.11**	**1,064.59**
Additions	6.32	-	2,750.54	4,361.83	191.17	212.56	149.90	7,672.32	142.94
Disposals / Transfers	-	-	-	1,133.20	0.64	-	34.87	1,168.71	-
As at 31.03.2017	**833.70**	**220.45**	**12,697.98**	**66,746.99**	**630.67**	**1,059.98**	**426.95**	**82,616.72**	**1,207.53**
Accumalated Depreciation									
As at 01.04.2015	33.74	-	2,670.55	24,856.33	188.16	393.31	110.51	28,252.60	-
Depreciation charged for the year	4.07	-	249.70	2,366.46	42.89	73.33	27.75	2,764.20	-
Disposals / Transfers	-	-	-	266.41	-	12.69	8.71	287.81	-
As at 31.03.2016	**37.81**	**-**	**2,920.25**	**26,956.38**	**231.05**	**453.95**	**129.55**	**30,728.99**	**-**
Depreciation charged for the year	3.72	-	282.00	2,580.07	42.37	99.93	39.90	3,047.99	-
Disposals / Transfers	-	-	-	847.94	0.17	-	33.13	881.24	-
As at 31.03.2017	**41.53**	**-**	**3,202.25**	**28,688.51**	**273.25**	**553.88**	**136.32**	**32,895.74**	**-**
Net Carrying Amount									
As at 01.04.2015	**793.64**	**220.45**	**5,445.25**	**28,774.61**	**222.73**	**241.40**	**174.50**	**35,872.58**	**1,443.87**
As at 31.03.2016	**789.57**	**220.45**	**7,027.19**	**36,561.98**	**209.09**	**393.47**	**182.37**	**45,384.12**	**1,064.59**
As at 31.03.2017	**792.17**	**220.45**	**9,495.73**	**38,058.48**	**357.42**	**506.10**	**290.63**	**49,720.98**	**1,207.53**

*a) Includes 10 shares of ₹ 50 each of Arcadia Premises Co-operative Society Limited.

b) Includes 10 shares of ₹ 50 each of Vardhmann Industrial Complex Premises Co-operative Housing Society Limited.

** Includes addition on account of foreign exchange fluctuations of ₹ 153.41 lakhs (31-03-2016 ₹ 165.25 lakhs, 01-04-2015 ₹ Nil).

*** Does not include Capital Advances of ₹ 80.69 lakhs (31.03.2016 ₹ 886.75 lakhs, 01.04.2015 ₹ 884.53 lakhs).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

6. OTHER INTANGIBLE ASSETS

₹ in lakhs

Particulars	Software	Patents	Total
Gross Carrying Amount			
As at 01.04.2015	242.82	24.46	267.28
Additions	45.05	3.61	48.66
Disposals / Transfers	-	-	-
As at 31.03.2016	**287.87**	**28.07**	**315.94**
Additions	89.23	24.14	113.37
Disposals / Transfers	-	-	-
As at 31.03.2017	**377.10**	**52.21**	**429.31**
Accumulated Depreciation			
As at 01.04.2015	102.62	5.38	108.00
Depreciation charged for the year	49.62	5.05	54.67
Disposals / Transfers	-	-	-
As at 31.03.2016	**152.24**	**10.43**	**162.67**
Depreciation charged for the year	63.91	6.16	70.07
Disposals / Transfers	-	-	-
As at 31.03.2017	**216.15**	**16.59**	**232.74**
Net Carrying Amount			
As at 01.04.2015	**140.20**	**19.08**	**159.28**
As at 31.03.2016	**135.63**	**17.64**	**153.27**
As at 31.03.2017	**160.95**	**35.62**	**196.57**

7. NON-CURRENT INVESTMENTS

Particulars		No. of Shares			₹ in lakhs		
		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
- Quoted							
Subsidiary Company							
In fully paid up equity shares of ₹ 10 each							
Pranavaditya Spinning Mills Limited		14,341,280	14,341,280	14,341,280	1,434.13	1,434.13	1,434.13
Others							
HDFC Liquid Fund Growth		6.370	-	-	0.20	-	-
SUB TOTAL	**A**				**1,434.33**	**1,434.13**	**1,434.13**
- Unquoted							
Subsidiary Company							
In fully paid up equity shares							
Indo Count Global Inc, USA		800	800	800	446.18	446.18	446.18
Indo Count UK Limited		86,000	-	-	79.62	-	-
Indo Count Retail Ventures Pvt. Ltd.		8,250	-	-	0.82	-	-
Others							
In fully paid up equity shares of ₹ 10 each							
The Shamrao Vittal Co-op. Bank Ltd.		-	260	-	-	0.03	-
SUB TOTAL	**B**				**526.62**	**446.21**	**446.18**
TOTAL	**A+B**				**1,960.95**	**1,880.34**	**1,880.31**
Aggregate value of:							
Quoted investments					1,434.33	1,434.13	1,434.13
Unquoted investments					526.62	446.21	446.18
Market value of Quoted investments					5,098.52	4,302.38	3,771.76

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

8. NON-CURRENT FINANCIAL LOANS
(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Security Deposits	150.13	142.70	64.53
Deferred Expenditure	40.74	53.06	24.77
TOTAL	**190.87**	**195.76**	**89.30**

9. OTHER NON-CURRENT FINANCIAL ASSETS
₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks			
Held as margin / Fixed deposits	0.01	0.43	0.43
TOTAL	**0.01**	**0.43**	**0.43**

a) Includes receipts for ₹ 0.01 lakhs (31.03.2016 ₹ 0.01 lakhs, 01.04.2015 ₹ 0.01 lakhs) lodged with Sales Tax Department.

b) Includes receipts for ₹ Nil (31.03.2016 ₹ 0.42 lakhs, 01.04.2015 ₹ 0.42 lakhs) held with bank as margin money against guarantee given to DGFT on behalf of an Indian Subsidiary.

10. OTHER NON-CURRENT ASSETS
(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Advances	80.69	886.75	884.53
Security Deposits	40.58	40.29	35.45
TOTAL	**121.27**	**927.04**	**919.98**

11. INVENTORIES
₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Raw Materials *	13,499.21	10,360.28	7,532.65
Work in Progress	14,365.02	11,837.49	10,725.91
Finished Goods	5,695.89	4,891.41	6,107.84
Waste	16.79	11.16	19.14
Stores & Spares **	1,818.03	1,391.00	1,565.31
Dyes and Chemicals ***	383.79	296.59	461.78
TOTAL	**35,778.73**	**28,787.93**	**26,412.63**

* includes goods in transit ₹ 1,115.07 lakhs (31.03.2016 ₹ 1,957.31 lakhs, 01.04.2015 ₹ 1,131.78 lakhs)

** includes goods in transit ₹ 53.60 lakhs (31.03.2016 ₹ 24.25 lakhs, 01.04.2015 ₹ 69.20 lakhs)

*** includes goods in transit ₹ 59.90 lakhs (31.03.2016 ₹ 20.27 lakhs, 01.04.2015 ₹ 7.95 lakhs)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

12. CURRENT TRADE RECEIVABLES

(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Exceeding Six Months	202.96	317.03	-
Others *	36,452.08	32,342.05	24,132.92
TOTAL	**36,655.04**	**32,659.08**	**24,132.92**

(i) Includes amount receivable from a Foreign Subsidiary ₹ 8,658.94 lakhs (31.03.2016 ₹ 12,183.58 lakhs, 01.04.2015 ₹ 10,243.91 lakhs).

(ii) Includes amount receivable from Indian Subsidiaries ₹ 163.57 lakhs (31.03.2016 ₹ Nil, 01.04.2015 ₹ Nil).

13. CASH AND CASH EQUIVALENTS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Cash in hand	7.99	24.51	23.30
Balances with Banks			
In Current Acounts *	747.74	1,519.01	1,568.49
TOTAL	**755.73**	**1,543.52**	**1,591.79**

*Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd. ₹ 2.01 lakhs (31.03.2016 ₹ 1.68 lakhs, 01.04.2015 ₹ 1.64 lakhs), maximum amount outstanding anytime during the year ₹ 2.54 lakhs (31.03.2016 ₹ 7.33 lakhs, 01.04.2015 ₹ 6.05 lakhs).

14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks			
Held as margin / Fixed deposits	281.03	386.18	34.51
TOTAL	**281.03**	**386.18**	**34.51**

a) Includes receipts for ₹ 195.97 lakhs (31.03.2016 ₹ 301.13 lakhs, 01.04.2015 ₹ 34.46 lakhs) held with bank as margin money against guarantee for Letters of Credit.

b) Includes receipts for ₹ 0.05 lakhs (31.03.2016 ₹ 0.05 lakhs, 01.04.2015 ₹ 0.05 lakhs) lodged with Excise Department.

c) Includes receipts for ₹ 85.00 lakhs (31.03.2016 ₹ 85.00 lakhs, 01.04.2015 ₹ Nil) held with bank as margin money against guarantee given to MSEB on behalf of an Indian Subsidiary.

15. CURRENT FINANCIAL LOANS

(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Security Deposits	22.22	20.55	12.11
TOTAL	**22.22**	**20.55**	**12.11**

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

16. OTHER CURRENT FINANCIAL ASSETS
(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Derivative Asset	5,726.52	862.77	1,664.10
Others	453.82	1,043.78	595.67
TOTAL	**6,180.34**	**1,906.55**	**2,259.77**

17. CURRENT TAX ASSETS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Advance Income Tax (including tax deducted at source)	1,310.14	-	137.36
Refund Due	57.04	57.04	57.04
MAT Credit Entitlement	380.88	2,761.25	6,076.37
TOTAL	**1,748.06**	**2,818.29**	**6,270.77**

18. OTHER CURRENT ASSETS
(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Export Incentives / Claims recoverable	6,088.72	6,495.82	7,498.57
Balances with Excise / Service Tax Authorities	278.00	1,011.87	1,152.57
Balances with VAT Authorities	1,322.34	1,136.68	1,781.63
Interest accrued on Loans & Deposits	5.46	1.64	1.00
Advance to Suppliers*	549.31	1,660.04	1,820.62
Others	920.48	278.09	182.14
Security Deposits	4.01	4.01	7.13
TOTAL	**9,168.32**	**10,588.15**	**12,443.66**

* Includes advance to an Indian Subsidiary ₹ 400.00 lakhs (31.03.2016 ₹ Nil, 01.04.2015 ₹ Nil).

19. SHARE CAPITAL

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Authorised:			
Equity Shares			
27,50,00,000 shares of ₹ 2 each	5,500.00	5,500.00	5,500.00
(31.03.2016 & 01.04.2015 5,50,00,000 shares of ₹ 10 each)			
Preference Shares			
50,00,000 shares of ₹ 10 each	500.00	500.00	500.00
TOTAL	**6,000.00**	**6,000.00**	**6,000.00**
Issued, subscribed and paid-up :			
Equity Shares			
19,73,99,670 shares of ₹ 2 each	3,947.99	3,947.99	3,947.99
(31.03.2016 & 01.04.2015 3,94,79,934 shares of ₹ 10 each)			
TOTAL	**3,947.99**	**3,947.99**	**3,947.99**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Notes:

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Authorised :						
Equity Shares of ₹ 2 each (31.03.2016 and 01.04.2015 of ₹ 10 each)						
Balance at the beginning of the year	55,000,000	5,500.00	55,000,000	5,500.00	55,000,000	5,500.00
Increase due to Sub-Division*	220,000,000	-	-	-	-	-
Balance at the end of the year	**275,000,000**	**5,500.00**	**55,000,000**	**5,500.00**	**55,000,000**	**5,500.00**
Preference Shares of ₹ 10 each						
Balance at the beginning of the year	5,000,000	500.00	5,000,000	500.00	5,000,000	500.00
Balance at the end of the year	**5,000,000**	**500.00**	**5,000,000**	**500.00**	**5,000,000**	**500.00**
TOTAL	**280,000,000**	**6,000.00**	**60,000,000**	**6,000.00**	**60,000,000**	**6,000.00**
Issued, subscribed and paid-up :						
Equity Shares of ₹ 2 each (31.03.2016 and 01.04.2015 of ₹ 10 each)						
Balance at the beginning of the year	39,479,934	3,947.99	39,479,934	3,947.99	39,479,934	3,947.99
Increase due to Sub-Division*	157,919,736	-	-	-	-	-
Balance at the end of the year	**197,399,670**	**3,947.99**	**39,479,934**	**3,947.99**	**39,479,934**	**3,947.99**

*Pursuant to the approval of Board of Directors and members of the Company, w.e.f. 15th November, 2016 ("Record Date"), an equity share of face value of ₹ 10 sub-divided into five equity shares of face value of ₹ 2 each.

(b) Terms / rights attached to equity shares

(i) The Company has only one class of equity shares having a par value of ₹ 2 each (31.03.2016 and 01.04.2015 of ₹ 10 each). Each holder of equity shares is 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 the ensuing Annual General Meeting.

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

(c) Details of equity shares in the company held by each shareholder holding more than 5% of shares is as under:

	As at 31-03-2017		As at 31-03-2016		As at 31-03-2015	
Name of the Shareholder	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Indo Count Securities Limited	31,041,385	15.73%	6,208,277	15.73%	6,208,277	15.73%
Sandridge Investments Limited (Formerly Swastik Investment Corporation)	62,002,455	31.41%	12,400,491	31.41%	12,400,491	31.41%
Elm Park Fund Ltd.	11,740,955	5.95%	2,717,161	6.88%	2,717,161	6.88%

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

d) There are no shares reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment.

(e) Dividend paid ₹ in lakhs

Particulars	2016-17	2015-16
Interim Dividend for F.Y. 2015-16: Re. 1 per share (face value of ₹ 10 each)	-	394.80
Final Dividend for F.Y. 2015-16: Re. 1 per share (face value of ₹ 10 each)	394.80	-
Interim Dividend for F.Y. 2016-17: Re. 0.40 per share (face value of ₹ 2 each)	789.60	-

Nature and purpose of reserves:

i) Capital Reserve:
Capital Reserve standing in books against capital subsidy received against establishing manufacturing unit.

ii) Capital Redemption Reserve:
Capital Redemption Reserve was created for redemption of Preference Shares as per requirement of provisions of Companies Act, 2013. The Company may issue fully paid bonus shares to its members out of the capital redemption reserve account.

iii) Securities Premium Reserve:
Securities premium reserve is created when shares issued at premium. The Company may issue fully paid up bonus shares to its members or can buy back of shares out of the security premium reserve account.

20. NON-CURRENT BORROWINGS (Secured)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1) Debentures (a)	-	-	744.00
10 % 300 Secured redeemable non convertible debentures of ₹ 10,00,000 each			
2) Term Loan			
Rupee loans			
From Banks (a)	-	2,819.72	3,071.84
From Financial Institutions (a)	440.00	457.29	961.16
3) Hire Purchase Finance (b)	-	-	76.08
4) Foreign Currency Loan			
Buyers Credit (c)	1,698.64	2,470.05	1,862.39
5) 4% Preference Shares of ₹ 10 each fully paid up	-	-	250.00
TOTAL	**2,138.64**	**5,747.06**	**6,965.47**

a) Secured by first pari-passu charge by way of mortgage of all immovable properties and by second pari-passu charge by hypothecation of all movable properties and current assets (save and except stocks and book debts and moveables of electronic division) both present and future. Loans (including amounts appearing in current maturities of long term debts of ₹ 200.00 lakhs, (31.03.2016 ₹ 988.94 lakhs, 01.04.2015 ₹ 2071.95 lakhs).

b) Secured against hypothecation of Vehicles acquired under Auto Loan Schemes.

c) Secured against machinery acquired, (including amount appearing in current maturity of long term debts ₹ 533.87 lakhs (31.03.2016 ₹ 568.08 lakhs, 01.04.2015 ₹ 441.22 lakhs).

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

Non-Current Borrowings Repayment Schedule ₹ in lakhs

Particulars	Maturity Profile			
	1-2 Years	2-3 Years	3-4 Years	4-5 Years
1) Term Loan				
Rupee loans				
From Financial Institutions	440.00	-	-	-
2) Foreign Curency Loan :				
Buyers Credit	622.63	622.63	275.86	177.52
TOTAL	**1,062.63**	**622.63**	**275.86**	**177.52**

21. NON-CURRENT PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits	181.41	76.74	138.33
TOTAL	**181.41**	**76.74**	**138.33**

22. INCOME TAX

The major components of income tax expense for the years ended 31st March, 2017 and 31st March, 2016 are:

STATEMENT OF PROFIT AND LOSS:

Profit or loss section ₹ in lakhs

Particulars	31.03.2017	31.03.2016
Current income tax:		
Current income tax charge	9,231.18	11,602.56
Adjustments in respect of current income tax of previous year	(272.26)	205.06
Deferred tax:		
Relating to origination and reversal of temporary differences	3,048.75	750.58
Income tax expense reported in the statement of profit or loss	**12,007.67**	**12,558.20**
Other compressive income (OCI) section		
Deferred tax related to items recognised in OCI during in the year:		
Net loss/(gain) on remeasurements of defined benefit plans	(58.47)	47.95
Income tax charged to OCI	**(58.47)**	**47.95**

DEFERRED TAX ₹ in lakhs

Particulars	Balance Sheet			Profit & Loss	
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016
Deferred tax relates to the following:					
Expenses allowable on payment basis	219.59	127.04	129.31	(92.55)	2.27
Incomes allowable on receipt basis	(1,987.87)	(306.46)	(575.91)	1,681.41	(269.45)
Accelerated depreciation for tax purpose	(9,726.46)	(8,325.04)	(7,259.33)	1,401.42	1,065.71
	(11,494.74)	**(8,504.46)**	**(7,705.93)**	**2,990.28**	**798.53**
Defered tax expenses /(income)					
- Recognised in Profit & loss	-	-	-	3,048.75	750.58
- Recognised in OCI	-	-	-	(58.47)	47.95
Defered tax assets/(liabilities)	(11,494.74)	(8,504.46)	(7,705.93)	-	-
	(11,494.74)	**(8,504.46)**	**(7,705.93)**	**2,990.28**	**798.53**

Deferred tax asset in respect of long term capital losses of ₹ 67.50 lakhs (31.03.2016 ₹ 67.50 lakhs, 01.4.2015 ₹ 67.50 lakhs) has not been recognised in view of uncertainity of its realisation.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Reflected in the balance sheet as follows: ₹ in lakhs

Particulars	31.03.2017	31.03.2016	01.04.2015
Deferred tax assets	219.59	127.04	129.31
Deferred tax liabilities	(11,714.33)	(8,631.50)	(7,835.24)
Deferred tax liabilities (net)	**(11,494.74)**	**(8,504.46)**	**(7,705.93)**

Reconciliation of deferred tax liabilities (net) ₹ in lakhs

	31.03.2017	31.03.2016
Opening balance as of 1st April	(8,504.46)	(7,705.93)
Income/(expense) during the year recognised in profit or loss	(3,048.75)	(750.58)
Income/(expense) during the year recognised in OCI	58.47	(47.95)
Closing balance as at 31 March	**(11,494.74)**	**(8,504.46)**

23. CURRENT BORROWINGS (Secured)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Loans repayable on Demand			
From Banks*			
- In Rupees	23,822.83	26,680.96	24,975.72
- In Foreign Currency	-	-	1,250.00
TOTAL	**23,822.83**	**26,680.96**	**26,225.72**

* Secured by first pari-passu charge by hypothecation on all Current Assets and further secured by second pari-passu charge on Fixed Assets both present and future.

24. TRADE PAYABLES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Total outstanding dues of Micro Enterprises and Small Enterprises*	-	-	-
Others	12,737.84	12,060.51	18,282.96
TOTAL	**12,737.84**	**12,060.51**	**18,282.96**

* The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

25. OTHER CURRENT FINANCIAL LIABILITIES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Current Maturities of Long Term Debts	733.87	1,557.02	4,024.42
Interest accrued but not due on borrowings	12.78	55.55	235.71
Acceptances	5,883.25	6,125.05	6,009.99
Security deposit	-	-	46.61
Unpaid Dividend *	37.14	9.64	-
Other Payables	1,067.94	1,841.28	2,809.47
TOTAL	**7,734.98**	**9,588.54**	**13,126.20**

*There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

26. OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Advance from Customers	33.42	377.03	113.96
Other Payables	3,037.71	3,610.72	2,961.05
TOTAL	**3,071.13**	**3,987.75**	**3,075.01**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

27. CURRENT PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits	151.43	-	-
TOTAL	**151.43**	**-**	**-**

28. CURRENT TAX LIABILITIES (NET)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Income Tax (net of MAT credit entitlement utilised)	-	281.88	-
TOTAL	**-**	**281.88**	**-**

29. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 37 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS.

i. Movement in provisions:

₹ in lakhs

Particulars	Export LC Discounting		Bank Guarantees*		Excise duty/ Customs duty/ Service Tax	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Carrying amount at the beginning of the year **	3,795.72	3,328.93	583.38	699.74	211.58	164.17
Add : Provision made during the year #	-	466.79	-	-	-	47.41
Less: Amounts used during the year	1,711.00	-	136.81	116.36	43.42	-
Carrying amount at the end of the year **	**2,084.72**	**3,795.72**	**446.57**	**583.38**	**168.16**	**211.58**

₹ in lakhs

Particulars	Other litigation claims		Corporate Bank Guarantee		Total	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Carrying amount at the beginning of the year **	16.92	16.79	6,294.23	5,312.50	10,901.83	9,522.13
Add : Provision made during the year #	0.78	0.13	-	981.73	0.78	1,496.06
Less: Amounts used during the year	-	-	133.48	-	2024.71	116.36
Carrying amount at the end of the year **	**17.70**	**16.92**	**6160.75**	**6,294.23**	**8877.90**	**10,901.83**

*Includes ₹ 85.00 lakhs provided to an Indian Subsidiary as margin money with banks in form of fixed deposit.

**Carrying amounts comprise of non-current and current provisions.

#Additional provision made during the year and reversal of unused amount are included in the respective head of accounts.

ii. Nature of provisions:

(a) Provision for export LC discounting represents the amount of export bills discounted with banks.

(b) Bank guarantee amount is held by banks by way of margin money in the form of fixed deposits, for various credit facilities.

(c) Provision for excise duty /customs duty / service tax represents the differential duty liability that is expected to materialise in respect of matters in appeal.

(d) Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

(e) Corporate Bank guarantee amount represents guarantee given to a foreign bank on behalf of a foreign subsidiary and to MSEB for power supply by way of margin money in the form of fixed deposits provided on behalf of an Indian subsidiary company.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

30. REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Sale of Products*	180,097.87	183,082.81
Sale of Services	2.48	18.10
Export Incentives / Benefits	18,859.94	17,003.20
Revenue from Operations	**198,960.29**	**200,104.11**

* a) Includes sale to a Foreign subsidiary ₹ 22,205.22 lakhs (previous year ₹ 31,605.14 lakhs).

b) Includes sale to Indian subsidiaries ₹ 379.88 lakhs (previous year ₹ 82.99 lakhs).

31. OTHER INCOME

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Interest - Banks	34.88	7.12
Interest - Others	644.21	894.69
TUFS Subsidy Received	10.01	222.11
Miscellaneous receipts	59.67	39.42
Insurance Claim Received	10.56	8.54
Profit on Sale of Assets	0.55	5.60
Exchange Rate Difference (Net)	3,732.02	2,017.09
Rent Received	-	1.80
Mark to Market on forward contracts	4,863.75	-
Sundry balances / Excess Provision written back	11.73	54.48
Liability no longer payable written back	146.77	1,507.67
TOTAL	**9,514.15**	**4,758.52**

32. COST OF MATERIALS CONSUMED

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Raw Material & Components Consumed		
Opening Stock	10,360.28	7,532.65
Add : Purchases *	112,129.52	107,461.16
Sub-Total	**122,489.80**	**114,993.81**
Less : Closing Stock	13,499.21	10,360.28
Cost of Materials Consumed	**108,990.59**	**104,633.53**

*Includes purchases from an Indian subsidiary ₹ 58.57 lakhs (previous year ₹ 26.59 lakhs).

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

33. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

₹ in lakhs

Particulars		For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Opening Stock			
Finished Goods		4,891.41	6,107.74
Stock in Process		11,837.49	10,726.01
Waste		11.16	19.14
Sub-Total	**A**	**16,740.06**	**16,852.89**
Less : Closing Stock			
Finished Goods		5,695.89	4,891.41
Stock in Process		14,365.02	11,837.49
Waste		16.79	11.16
Sub-Total	**B**	**20,077.70**	**16,740.06**
(Increase)/ Decrease in Stock	**A-B**	**(3,337.64)**	**112.83**

34. EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Salaries & Wages	8,420.72	6,926.38
Director's Remuneration	1,728.87	1,625.73
Contribution to Provident & Other Funds	688.85	561.81
Gratuity	159.82	282.73
Staff Welfare Expenses	263.70	226.84
Recruitment & Training expenses	52.90	53.00
TOTAL	**11,314.86**	**9,676.49**

35. FINANCE COST

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Interest Expense		
- On Debentures	-	83.23
- On Term Loans	156.41	848.68
- Banks	2,683.57	8.58
- Others	25.83	3,166.10
Bank Charges	1,013.35	754.50
Finance Procurement Charges	63.91	308.12
TOTAL	**3,943.07**	**5,169.21**

36. DEPRECIATION & AMORTISATION EXPENSE

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Depreciation	3,118.05	2,884.38
TOTAL	**3,118.05**	**2,884.38**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

37. OTHER EXPENSES

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Consumption of Stores/Dyes and Packing Materials	15,205.59	14,038.90
Jobwork Charges	16,432.28	12,444.91
Power & Fuel	6,631.88	6,200.06
Rent (a)	418.59	342.29
Rates, Taxes & Fees	265.54	237.82
Insurance	272.83	387.07
Repairs to Machinery	630.33	548.51
Repairs to Buildings	129.45	184.42
Commission & Brokerage	1,482.27	2,307.95
Freight Outward	2,884.76	3,788.27
Other Selling Expenses	1,853.33	1,699.79
Loss on Sale of Assets	108.66	20.01
Bad debts/Advances written off	-	63.00
Mark to Market on Forward Contracts	-	801.33
Previous Year's Expenses	-	5.10
Miscellaneous Expenses (b)	3,319.57	2,990.40
TOTAL	**49,635.08**	**46,059.83**

(a) Including Operating Lease

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
A) The total of future minimum lease payments under non-cancellable operating leases for each of the following years:		
i) Not later than one year	288.95	211.13
ii) Later than one year and not later than five years,	499.47	432.48
iii) Later than five years,	-	-
B) The total of future minimum sub-lease payments expected to be received under non cancellable sub-leases at the balance sheet date,	-	-
C) Lease payments recognized in the Statement of Profit & Loss	272.60	193.92

(b) Includes Payment to Auditors

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
As Statutory Audit Fee	13.00	13.00
As Quarterly Audit / Limited Review Fees	9.00	9.00
As Tax Audit Fee	3.00	3.00
For Tax Representations	1.50	0.61
For Certification Work	0.43	0.30
In Other Capacity	1.15	3.15
For Reimbursement of Expenses	3.22	1.16
TOTAL	**31.30**	**30.22**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

38. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

A. Contingent Liabilities ₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
i) Amount outstanding in respect of Export Bills Discounted under Export Letters of Credit (Since realised ₹ 1,102.03 lakhs, 31.03.2016 ₹ 1,361.85 lakhs, 01.04.2015 ₹ 1427.53 lakhs)	2,084.72	3,795.72	3,328.93
ii) Bank Guarantees*	446.57	583.38	699.74
iii) Excise Duty / Custom Duty / Service Tax demands disputed in Appeals	168.16	211.58	164.17
iv) Pending Labour Cases	17.70	16.92	16.79
v) Corporate Guarantee given to a Foreign Bank outside India for securing financial assistance to:			
- A Foreign Subsidiary	6,160.75	6,294.23	5,312.50

* Includes ₹ 85.00 lakhs provided to an Indian Subsidiary as margin money with banks in form of fixed deposit.

(a) In terms of EPCG Licence issued, the Company has undertaken an export obligation for ₹ 53,669 lakhs, which is to be fulfilled over a period of 8 years. The Company has completed the export obligation to the extent of ₹ 47,719 lakhs till the year end, of which licenses of ₹ 38,722 lakhs redeemed by the DGFT and the application for redemption of license submitted for ₹ 8,997 lakhs. The export obligation for ₹ 5,950 lakhs is to be fulfilled over a period of 8 years.

(b) In terms of advance license obtained for import of raw materials the Company has undertaken an export obligation for USD 18.950 Mn., which is to be fulfilled over a period of 2 years. The Company has completed the obligation to the extent of USD 15.441 Mn. The license redeemed by the DGFT amounting to USD 12.708 Mn. The balance obligation of USD 3.508 Mn. is to be fulfilled over a period of 2 year.

(c) Under the package scheme of incentives of Government of Maharashtra for Mega Projects, the Company was eligible for VAT and Electricity duty refund benefits. However, if it contravenes any of the conditions of the scheme or eligibility certificate of entitlement or agreement, it shall repay forthwith the entire benefits drawn / availed alongwith interest thereon together with costs, charges and expenses thereon.

(d) No provision has been made in the accounts towards electricity duty on electricity generated for captive use during the period 01.04.2000 to 30.04.2005 amounting to ₹ 292.07 lakhs (31.03.2016 ₹ 292.07 lakhs, 01.04.2015 ₹ 292.07 lakhs) excluding interest, as the company has won the case against MSEDCL vide order number 2204 of 2007 dated 07.11.2009 of the Hon'ble High Court of Jurisdiction at Mumbai whereby it was decided that no such duty is payable. MSEDCL has taken up this matter before Supreme Court with condonation of delay and matter is yet to be heard. As the matter is subjudice, the management feels that no provision is necessary.

B. Commitments ₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
a) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	1,504.23	302.36	3,181.27
b) Letters of Credit opened for which the material has not yet been shipped	138.47	677.56	453.72

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2017

39. RELATED PARTY DISCLOSURES

Related party disclosures as required by IND-AS 24 “Related Party Disclosures” are given below:

i) Key Management Personnel

1.	Shri Anil Kumar Jain	Executive Chairman
2.	Shri Mohit Jain	Managing Director (w.e.f. 09.05.2016)
3.	Shri R. N. Gupta	Joint Managing Director (upto 09.05.2016)
4.	Shri K. R. Lalpuria	Executive Director
5.	Shri Kamal Mitra	Director (Works)
6.	Shri P. N. Shah	Independent Director
7.	Shri R. Anand	Independent Director
8.	Shri Dilip Thakkar	Independent Director
9.	Shri Prem Malik	Independent Director
10.	Shri Sushil Kumar Jiwarajka	Independent Director
11.	Dr. (Mrs.) Vaijayanti Pandit	Independent Director

ii) Relatives of Key Management Personnel

1. Smt. G. D. Jain
2. Smt. Shikha Jain

iii) Parties where Control Exists

A. Subsidiaries

1. Pranavaditya Spinning Mills Ltd.
2. Indo Count Retail Ventures Pvt. Ltd.
3. Indo Count Global Inc., (USA)
4. Indo Count UK Ltd.; (United Kingdom)

B. Associates

1. Unic Consultants
2. A. K. Jain HUF

C. Others

1. Indo Count Foundation

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in lakhs

Particulars	Associates / Subsidiaries	Relatives of Key Management Personnel	Key Management Personnel	Others	Total
Remuneration Paid	-	35.28	1,889.48	-	1,924.76
	(-)	(28.42)	(1,719.71)	(-)	(1,748.13)
Commission Paid	136.22	-	6.00	-	142.22
	(385.20)	(-)	(6.00)	(-)	(391.20)
Sitting Fees	-	-	6.90	-	6.90
	(-)	(-)	(5.22)	(-)	(5.22)
Commission Received	15.40	-	-	-	15.40
	(15.23)	(-)	(-)	(-)	(15.23)
Rent Received	-	-	-	-	-
	(1.80)	(-)	(-)	(-)	(1.80)
Sale of Goods	22,585.10	-	-	-	22,585.10
	(31,689.80)	(-)	(-)	(-)	(31,689.80)
Lease Rent Paid	70.16	-	-	-	70.16
	(68.70)	(-)	(-)	(-)	(68.70)
Reimbursement of Expense	85.83	-	-	-	85.83
	(-)	(-)	(-)	(-)	(-)
CSR Expenses	-	-	-	248.75	248.75
	(-)	(-)	(-)	(109.19)	(109.19)
Purchase of Goods	58.57	-	-	-	58.57
	(27.21)	(-)	(-)	(-)	(27.21)
Sale of Machinery	131.06	-	-	-	131.06
	(-)	(-)	(-)	(-)	(-)
Advance given against Purchase of Goods	400.00	-	-	-	400.00
	(-)	(-)	(-)	(-)	(-)
Balance outstanding at the end of year					
a) Investments	1,959.93	-	-	-	1,959.93
	(1,880.34)	(-)	(-)	(-)	(1,880.34)
b) Sundry Debtors	9049.06	-	-	-	9,049.06
	(12,183.57)	(-)	(-)	(-)	(12,183.57)
c) Deposit - Rent	15.60	-	-	-	15.60
	(15.60)	(-)	(-)	(-)	(15.60)
d) Advance to Indian subsidiary for purchases	400.00	-	-	-	400.00
	(-)	(-)	(-)	(-)	(-)
e) Other Payables					
Remuneration Payable	-	-	974.41	-	974.41
	(-)	(-)	(1,360.99)	(-)	(1,360.99)
Commission Payable	53.38	-	6.00	-	59.38
	(-)	(-)	(6.00)	(-)	(6.00)

a) Previous year figures are given in brackets.

b) Related Parties enlisted above are those having transactions with the Company.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

40. It is management's opinion that since the Company is exclusively engaged in the activity of manufacture of textile products which are governed by the same set of risks and returns. The same are considered to constitute a single reportable segment in the context of Indian Accounting Standard (IND AS) 108 on "Operating Segments" issued by the Institute of Chartered Accountants of India.

41. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITIES (CSR)

The particulars of expenditure are as follows:

a) Gross amount required to be spent by the Company during the year was ₹ 463.05 lakhs (previous year ₹ 237.11 lakhs).

b) Amount incurred during the year on:

Particulars	₹ in lakhs
i) Construction / acquisition of asset	-
ii) On purpose other than (i) above	248.75

c) Out of the above, the Company has paid ₹ 248.75 lakhs (previous year ₹ 109.19 lakhs) to Indo Count Foundation.

42. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 33 EARNINGS PER SHARE

₹ in lakhs

Particulars	UOM	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Face value of equity shares (refer footnote to note 19 (a))	₹	2.00	2.00
Weighted average number of equity shares outstanding	Nos.	197,399,670	197,399,670
Profit for the year (continuing operations)	₹ In lakhs	22,802.76	23,768.16
Weighted average earnings per share (basic and diluted)	₹	11.55	12.04

Note: With reference to footnote to Note 19 (a), EPS of previous year has been restated to make it comparable.

43. DETAILS OF SPECIFIED BANK NOTES (SBN'S) HELD AND TRANSACTED DURING 08.11.2016 TO 30.12.2016

₹ in lakhs

Particulars	SBN'S	Other Notes	Total
Total Closing Cash in hand as on 08.11.2016	23.48	7.67	31.15
Permitted Receipts	-	-	-
Permitted Payments	(8.61)	(1.48)	(10.09)
Net Cash Withdrawn from Banks (including new currency)	-	11.65	11.65
Amount Deposited in Bank	(14.87)	(0.02)	(14.89)
Closing Cash in hand as on 30.12.2016	**-**	**17.82**	**17.82**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

44. OTHER INFORMATION

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
CIF value of Imports		
Capital Goods	2,710.83	5,056.79
Raw Materials	5,496.69	2,657.49
Stores/ Dyes and Packing Materials	890.15	884.23
Expenditure in Foreign Currency		
Travelling	132.07	142.32
Selling Commission/Claims	1,654.76	1,481.40
Others	1,420.57	2,573.65
Earnings in Foreign Currency		
FOB Value of Exports	167,417.77	170,049.31

45. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (Ind AS) 19 EMPLOYEE BENEFITS

Defined Contribution Plans:

Amount of ₹ 688,85 lakhs (Previous year ₹ 561.81 lakhs) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plan (Refer Note 34, supra):

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Benefits:		
Provident Fund	625.93	557.16
Employee State Insurance Scheme	60.17	1.93
Labour Welfare Scheme	2.75	2.72
TOTAL	**688.85**	**561.81**

Defined benefit plans:

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs upon completion of five continuous years of service in accordance with Indian law.

The Company makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

Leave Encashment benefit

The Company provides for leave encashment, a defined benefit retirement plan covering eligible employees. The Leave Encashment Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 12 days salary for each completed year of service, subject to maximum of 90 days till retirement.

The Company makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	₹ in lakhs			
	Gratuity		Leave Encashment	
	2016-17 (funded)	2015-16 (funded)	2016-17 (funded)	2015-16 (funded)
Change in present value of defined benefit obligation during the year				
Present Value of defined benefit obligation at the beginning of the year	999.16	993.51	214.79	235.69
Interest cost	70.34	79.48	15.12	18.86
Current service Cost	149.79	106.45	116.58	60.10
Past service cost	-	-	-	-
Liability transfer from other Company	-	-	-	-
Liability transferred out/ divestment	-	-	-	-
Benefits paid directly by employer	-	-	-	-
Benefits paid	(21.02)	(42.93)	(26.40)	(15.05)
Actuarial changes arising from changes in demographic assumptions	-	-	-	-
Actuarial changes arising from changes in financial assumptions	239.76	(205.57)	47.34	(131.00)
Actuarial changes arising from changes in experience adjustments	(61.09)	68.22	25.69	46.19
Present Value of defined benefit obligation at the end of the year	**1,376.95**	**999.16**	**393.13**	**214.79**
Change in fair value of plan assets during the year				
Fair value of plan assets at the beginning of the year	922.42	751.17	363.67	177.17
Interest Income	76.38	65.53	30.02	27.32
Contributions paid by the employer	69.97	148.65	22.21	174.23
Benefits paid from the fund	(21.02)	(42.93)	(26.40)	(15.05)
Assets transferred out/ divestment	-	-	-	-
Return on plan assets excluding interest income	-	-	-	-
Fair value of plan assets at the end of the year	**1,047.75**	**922.42**	**389.50**	**363.67**
Net asset/ (liability) recognised in the balance sheet				
Present Value of defined benefit obligation at the end of the year	1,376.95	999.16	393.13	214.79
Fair value of plan assets at the end of the year	1,047.75	922.42	389.50	363.67
Amount recognised in the balance sheet	329.20	76.74	3.64	148.88
Net (liability)/ asset- current	-	-	-	-
Net (liability)/ asset- non-current	(329.20)	(76.74)	-	-
Expenses recognised in the statement of profit and loss for the year				
Current service cost	149.79	106.45	116.58	60.10
Interest cost on benefit obligation (Net)	3.68	15.16	(10.33)	(1.69)
Total Expenses Included In Employee Benefits Expense	**153.47**	**121.61**	**-**	**-**
Actuarial changes arising from changes in demographic assumptions	-	-	-	-
Actuarial changes arising from changes in financial assumptions	-	-	47.34	(131.00)
Actuarial changes arising from changes in experience adjustments	-	-	25.69	46.19
Return on plan assets excluding interest income	-	-	(4.56)	(6.78)
Total expenses included in employee benefits expense	**-**	**-**	**174.72**	**(32.17)**

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Particulars	₹ in lakhs			
	Gratuity		Leave Encashment	
	2016-17 (funded)	2015-16 (funded)	2016-17 (funded)	2015-16 (funded)
Recognised in other comprehensive income for the year				
Actuarial changes arising from changes in demographic assumptions	-	-	-	-
Actuarial changes arising from changes in financial assumptions	239.76	(205.57)	-	-
Actuarial changes arising from changes in experience adjustments	(61.09)	68.22	-	-
Return on plan assets excluding interest income	(9.72)	(1.21)	-	-
Recognised in other comprehensive income	**168.96**	**(137.57)**	**-**	**-**
Maturity profile of defined benefit obligation				
Within the next 12 months (next annual reporting period)	147.80	129.76	99.94	79.74
Between 2 and 5 years	287.12	277.05	61.79	56.78
Between 6 and 10 years	288.19	259.80	52.67	50.84
Quantitative sensitivity analysis for significant assumption is as below:				
Increase/ (decrease) on present value of defined benefits obligation at the end of the year				
(i) One percentage point increase in discount rate	(129.10)	(86.81)	367.56	(10.26)
(ii) One percentage point decrease in discount rate	151.21	88.90	423.31	16.07
(i) One percentage point increase in rate of salary Increase	152.82	92.82	423.63	16.97
(ii) One percentage point decrease in rate of salary Increase	(132.58)	(91.24)	368.10	(11.17)
(i) One percentage point increase in employee turnover rate	23.61	336.01	398.10	12.38
(ii) One percentage point decrease in employee turnover rate	(26.47)	(51.41)	387.52	(9.70)

Sensitivity Analysis Method

Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.

The major categories of plan assets as a percentage of total

Particulars	Gratuity		Leave Encashment	
	2016-17	2015-16	2016-17	2015-16
Insurer managed funds	100%	100%	100%	100%

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Actuarial assumptions

Particulars	Gratuity		Leave Encashment	
	2016-17 (Funded)	2015-16 (Funded)	2016-17 (Funded)	2015-16 (Funded)
Actuarial assumption				
Discount rate (p.a.)	7.04%	7.70%	7.04%	7.70%
Salary escalation (p.a.)	7.00%	7.00%	7.00%	7.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	NA	NA
Mortality post retirement rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	NA	NA
Employee turnover rate (p.a.)	5.00%	4.00%	5.00%	4.00%
Future benefit cost inflation	NA	NA	NA	NA

Expected contribution to the defined benefit plan for the next annual reporting period

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2017. The present value of the defined benefit obligation and the relate current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

46. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

a) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.

b) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected lossess of these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

₹ in lakhs

Particulars	Carrying amount As at 01.04.2015	Fair value		
		Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	24,132.92	-	-	-
Loans and other receivables (non-current)	89.73	-	-	89.30
Loans and other receivables (current)	607.78	-	-	607.78
Cash and bank balances	1,591.79	-	-	-
Bank deposit	34.51	-	-	-
TOTAL	**26,456.72**	**-**	**-**	**697.08**
Financial assets at fair value through profit or loss:				
Derivative instruments	1,664.09	-	1,664.09	-
TOTAL	**1,664.09**	**-**	**1,664.09**	**-**
Financial liabilities at amortised cost:				
Non current borrowings	6,889.38	-	-	250.00
Current borrowing	26,225.72	-	-	-
Finance lease obligations	76.08	-	-	76.08
Trade and other payables	18,282.96	-	-	-
Other financial liabilities (current)	13,114.17	-	-	2,856.08
TOTAL	**64,588.31**	**-**	**-**	**3,182.16**

₹ in lakhs

Particulars	Carrying amount As at 31.03.2016	Fair value		
		Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	32,659.08	-	-	-
Loans and other receivables (non-current)	196.19	-	-	195.76
Loans and other receivables (current)	1,064.34	-	-	1,064.34
Cash and bank balances	1,543.52	-	-	-
Bank deposit	386.18	-	-	-
TOTAL	**35,849.31**	**-**	**-**	**1,260.10**
Financial assets at fair value through profit or loss:				
Derivative instruments	862.77	-	862.77	-
Investments	0.03	0.03	-	-
TOTAL	**862.79**	**0.03**	**862.77**	**-**
Financial liabilities at amortised cost:				
Non current borrowings	5,747.06	-	-	-
Current borrowing	26,680.96	-	-	-
Trade and other payables	12,060.51	-	-	-
Other financial liabilities (current)	9,588.54	-	-	1850.92
TOTAL	**54,077.07**	**-**	**-**	**1850.92**

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FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in lakhs

Particulars	Carrying amount As at 31.03.2017	Fair value Level 1	Fair value Level 2	Fair value Level 3
Financial assets at amortised cost:				
Trade receivables	36,655.04	-	-	-
Loans and other receivables (non-current)	190.88	-	-	190.87
Loans and other receivables (current)	476.04	-	-	476.04
Cash and bank balances	755.73	-	-	-
Bank deposit	281.03	-	-	-
TOTAL	**38,358.71**	**-**	**-**	**666.91**
Financial assets at fair value through profit or loss:				
Derivative instruments	5,726.52	-	5,726.52	-
Investments	0.20	0.20	-	-
TOTAL	**5,726.71**	**0.20**	**5,726.52**	**-**
Financial liabilities at amortised cost:				
Non current borrowings	2,138.64	-	-	-
Current borrowing	23,822.83	-	-	-
Trade and other payables	12,737.84	-	-	-
Other financial liabilities (current)	7,734.98	-	-	1,105.09
TOTAL	**46,434.29**	**-**	**-**	**1,105.09**

During the reporting period ending 31st March, 2017 and 31st March, 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

Description of significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Non-current security deposits	Discounted Cash Flow method using current interest rate		
Derivative instruments	Based on quotes from banks and financial Institutions		
Other financial liabilities (non-current)	Discounted Cash Flow method using risk adjusted discount		

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Company manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

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. In order to optimize the Company's position with regards to

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interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign Currency Risk

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.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Foreign currency in lakhs

Particulars	USD	EURO	GBP	CHF	Total
Foreign currency exposure as at 31st March, 2016					
Trade receivables	439.48	-	1.10	-	440.58
Non-current borrowings	-	-	-	44.04	44.04
Bank balances	1.87	-	-	-	1.87
Trade payables	25.82	-	-	-	25.82
Foreign currency exposure as at 31st March, 2017					
Trade receivables	533.18	5.16	2.23	-	540.57
Non-current borrowings	-	-	-	34.44	34.44
Bank balances	8.91	-	-	-	8.91
Trade payables	9.88	-	-	-	9.88

Forward Contracts

Foreign currency exposures taken by the Company against export trade receivable are as under:

Particulars	Number of Contracts	Foreign Currency in lakhs (USD)	₹ in lakhs	Buy / Sell
As at 31.03.2017	494	1,279.95	90,324.76	Sell
As at 31.03.2016	400	1,264.70	87,897.53	Sell

Foreign Currency Sensitivity

5% increase or decrease in foreign exchange rates will have the following impact on profit before tax:

Particulars	2016-17		2015-16	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	1,789.77	(1,789.77)	1,547.63	(1,547.63)
EURO	18.75	(18.75)	-	(-)
GBP	11.71	(11.71)	5.25	(5.25)
CHF	111.63	(111.63)	151.91	(151.91)
Increase/(decrease) in profit or loss	**1,931.86**	**(1,931.86)**	**1,704.79**	**(1,704.79)**

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Credit Risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, they are recognised in profit or loss.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industrial practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection on receivable is not material hence no additional provision considered.

Exposure to credit risk

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)		
Investments in Debentures or bonds	0.20	0.03
Long-term loans and advances	190.88	196.19
Cash and bank balances	755.73	1,543.52
Bank deposit	281.03	386.19
Short-term loans and advances	476.04	1064.34

Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Trade Receivables	36,655.04	32,659.08

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FOR THE YEAR ENDED 31ST MARCH, 2017

Balance with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

Particulars	₹ in lakhs
As at 31.03.2017	
Not Due	31,684.97
Up to 3 months	4,672.47
3 to 6 months	94.64
More than 6 months	202.96
	36,655.04
As at 31.03.2016	
Not Due	29,676.13
Up to 3 months	2,679.92
3 to 6 months	-
More than 6 months	303.03
	32,659.08

During the year the Company has recognised loss allowance of ₹ Nil Under 12 months expected credit loss model.

No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

As at 31.03.2017

₹ in lakhs

Particulars	Less than 1 year	1 to 5 years	Total
Non current borrowings	-	2,138.64	2,138.64
Current borrowings	23,822.83	-	23,822.83
Trade payables	12,737.84	-	12,737.84
Other financial liabilities	7,734.98	-	7,734.98

As at 31.03.2016

₹ in lakhs

Particulars	Less than 1 year	1 to 5 years	Total
Non current borrowings	-	5,747.06	5,747.06
Current borrowings	26,680.96	-	26,680.96
Trade payables	12,060.51	-	12,060.51
Other financial liabilities	9,588.54	-	9,588.54

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Capital Management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Exposure to credit risk		
Total debt	26,695.33	33,985.03
Equity	82,654.65	61,387.90
Capital and net debt	**109,349.98**	**95,372.93**
Gearing ratio	**24.41%**	**35.63%**

48. DETAILS OF LOANS GIVEN, INVESTMENTS MADE AND GUARANTEE GIVEN COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013.

There are no loans given, covered under section 186(4) of the Companies Act, 2013, and investments made are given under the respective heads.

Corporate guarantee given by the Company in respect of loans as at 31st March, 2017:

₹ in lakhs

Name of the Company	As at 31-03-2017	As at 31-03-2016
Indo Count Global INC., USA	6,160.75	6,294.23
	6,160.75	**6,294.23**

49. FIRST-TIME ADOPTION OF IND AS

These financial statements, for the year ended 31st March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

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FOR THE YEAR ENDED 31ST MARCH, 2017

a) Leasehold land and buildings, and plant, were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of valuations performed in earlier years . The Company has elected to regard those values as deemed cost at the date of the transition since they were broadly comparable to fair value.

b) Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has done the assessment of lease contracts based on conditions prevailing as at the date of transition.

c) The Company has elected to apply previous GAAP carrying amount of its investment in subsidiaries as deemed cost as on the date of transition to Ind AS.

Exception

The following mandatory exceptions have been applied in accordance with Ind AS 101 in preparing the financial statements.

a) Estimates

The estimates at 1st April, 2015 and 31st March, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences if any, in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model:

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as at the transition date and as of 31st March, 2016.

b) Derecognition of financial assets and financial liabilities

The Company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

c) Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

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Reconciliation of equity as at 1st April 2015 (date of transition to Ind AS)

₹ in lakhs

ASSETS	Foot Notes	Indian GAAP	Adjustments	Ind AS
Non current Assets				
Property, Plant and Equipment		35,872.58	-	35,872.58
Capital work-in-progress		1,443.87	-	1,443.87
Other Intangible Assets		159.28	-	159.28
Financial Assets				
– Investments		1,880.31	-	1,880.31
– Loans	m	89.30	-	89.30
– Others		0.43	-	0.43
Others Non-Current Assets		919.98	-	919.98
Current Assets				
Inventories		26,412.63	-	26,412.63
Financial Assets				
– Trade receivables	h	20,803.98	3,328.93	24,132.92
– Cash and cash equivalents		1,591.79	-	1,591.79
– Bank balances other than (ii) above		34.51	-	34.51
– Loans		12.11	-	12.11
– Others	a	595.67	1,664.09	2,259.77
Current Tax Assets (Net)		6270.77	-	6270.77
Other Current Assets		12,443.66	-	12,443.66
TOTAL ASSETS		**108,530.89**	**4,993.03**	**113,523.91**
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	d	4197.99	(250.00)	3947.99
Other Equity	a,e,i	36.086.23	(2,029.93)	34,056.30
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
- Borrowings	d	6,715.47	250.00	6,965.47
Provisions		138.33	-	138.33
Deferred Tax Liabilities (Net)	e	4,011.90	3694.03	7705.93
Current Liabilities				
Financial Liabilities				
- Borrowings	h	22,896.79	3,328.93	26,225.72
- Trade Payables		18,282.96	-	18,282.96
- Other Financial Liabilities	d	13,114.17	12.04	13,126.20
Other Current Liabilities		3075.01	-	3075.01
Provisions	d	10.00	(10.00)	-
Current Tax Liabilities (Net)	d	2.04	(2.04)	-
TOTAL EQUITY AND LIABILITIES		**108,530.89**	**4,993.03**	**113,523.91**

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FOR THE YEAR ENDED 31ST MARCH, 2017

Reconciliation of equity as at 31st March 2016

₹ in lakhs

ASSETS	Foot Notes	Indian GAAP	Adjustments	Ind AS
Non current Assets				
Property, Plant and Equipment		45,384.12	-	45,384.12
Capital work-in-progress		1,064.59	-	1,064.59
Other Intangible Assets		153.27	-	153.27
Financial Assets				
- Investments		1,880.34	-	1,880.34
- Loans	m	197.78	(2.02)	195.76
- Others		0.43	-	0.43
Others Non-Current Assets		927.04	-	927.04
Current Assets				
Inventories		28,787.93	-	28,787.93
Financial Assets				
- Trade receivables	h	28,928.04	3,731.04	32,659.08
- Cash and cash equivalents		1,543.52	-	1,543.52
- Bank balances other than (ii) above		386.18	-	386.18
- Loans		20.55	-	20.55
- Others	a	1,043.78	862.77	1,906.55
Current Tax Assets (Net)		2,818.29	-	2,818.29
Other Current Assets	c	10,563.37	24.78	10,588.15
Total Assets		**123,699.23**	**4,616.57**	**128,315.80**
EQUITY AND LIABILITIES				
EQUITY				
Share Capital		3,947.99	-	3,947.99
Other Equity	a,b,c,e,i,j,m	59,135.13	(1,695.22)	57,439.91
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
- Borrowings		5,747.06	-	5,747.06
Provisions		76.74	-	76.74
Deferred Tax Liabilities (Net)	e	5,448.54	3,055.92	8,504.46
Current Liabilities				
Financial Liabilities				
- Borrowings	h	22,949.92	3,731.04	26,680.96
- Trade Payables		12,060.51	-	12,060.51
- Other Financial Liabilities		9,588.54	-	9,588.54
Other Current Liabilities		3,987.75	-	3,987.75
Provisions	j	394.80	(394.80)	-
Current Tax Liabilities (Net)	j	362.25	(80.37)	281.88
Total Equity And Liabilities		**123,699.23**	**4,616.57**	**128,315.80**

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FOR THE YEAR ENDED 31ST MARCH, 2017

Reconciliation of profit or loss for the year ended 31st March 2016

₹ in lakhs

Particulars	Foot Notes	Indian GAAP	Adjustments	Ind AS
CONTINUING OPERATIONS				
Revenue from operations	k,l	203,180.50	(3,076.39)	2,00,104.11
Other income	l,m	3,896.89	861.63	4,758.52
Total Revenue		**207,077.39**	**(2,214.76)**	**204,862.63**
Expenses				
Cost of materials consumed		104,633.53	-	104,633.53
Changes in inventories of finished goods, work in progress and stock-in-trade		112.83	-	112.83
Emloyee benefits expense	b	9,553.08	123.41	9,676.49
Finance cost	c,d	5,157.76	11.45	5,169.21
Depreciation and amortisation expense	i	1,819.12	1,065.26	2,884.38
Other expenses	a,k	47,486.29	(1,426.46)	46,059.83
Total Expenses		**168,762.61**	**(226.34)**	**168,536.27**
Profit before exceptional items & Tax		38,314.78	(1988.42)	36,326.36
Exceptional items		-	-	-
Profit before tax		**38,314.78**	**(1,988.42)**	**36,326.36**
Tax Expense				
a) Current tax		11,602.57	-	11,602.57
b) Previous years tax		313.51	-	313.51
c) Deferred tax	e	1,436.64	(686.07)	750.57
d) MAT credit entitlement for earlier year		(108.45)	-	(108.45)
Profit for the year		**25,070.51**	**(1,302.35)**	**23,768.16**
Other comprehensive income				
A Items that will not be reclassified to profit or loss				
(i) Remeasurement of the net defined benefit liability / asset	b	-	138.57	138.57
(ii) Income tax relating to items that will not be reclassified to profit or loss	b,e	-	(47.95)	(47.95)
Total comprehensive income for the year		**25,070.51**	**(1,211.73)**	**23,858.78**

Footnotes to the reconciliation of equity as at 1st April, 2015 and 31st March, 2016 and profit or loss for the year ended 31st March 2016:

(a) Derivative instruments

The fair value of forward foreign exchange contracts is recognised under Ind AS, and was not recognised under Indian GAAP. The contracts, which were designated as hedging instruments under Indian GAAP, have been designated as at the date of transition to Ind AS as fair value hedging instrument of expected future sales for which the Company has firm commitments. The corresponding adjustment has been recognised as a separate component of current financial asset. On the date of transition, derivative asset was debited by ₹ 1,664.09 lakhs on 1st April, 2015 and net movement of ₹ 801.32 lakhs during the year ended on 31st March, 2016 was recognized in statement of profit & loss and subsequently taken to derivative asset.

(b) Defined benefit obligation

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost is increased by ₹ 123.41 lakhs and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI, net of tax.

(c) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability recognized under prepaid expenses, and charged to profit or loss using the straight–line method.

(d) Non-convertible preference shares

The Company issued non-convertible redeemable preference shares. The preference shares carry fixed cumulative dividend which is non-discretionary. Under Indian GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit.

Under Ind AS, non-convertible preference shares are derecognized from equity and recognized as noncurrent borrowing based on the terms of the contract. Thus, the preference share capital is reduced by ₹ 250.00 lakhs on 1st April 2015 with a corresponding increase in borrowing as liability component, and ₹ 12.04 lakhs of dividend and tax on dividend recognised under other current liabilities. ₹ 6.02 lakhs of preference dividend and DDT on it, paid during the year ended 31st March 2016, derecognized from statement of equity with corresponding increase in finance cost.

(e) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to different temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liability is increased by ₹ 3,694.03 lakhs on 1st April, 2015 and decreased by ₹ 638.11 lakhs on 31st March, 2016.

(f) Other comprehensive income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind-AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind-AS.

(g) Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

(h) Bills discounted with recourse

Under Indian GAAP, trade receivables derecognised by way of bills of exchange which have been shown as contingent liability since there is recourse clause. Under Ind AS, the trade receivables have been restated with corresponding recognition of short term borrowings of ₹ 3,328.93 lakhs as on 1st April 2015 and ₹ 3,731.04 lakhs on 31st March 2016.

(i) Revaluation surplus under Indian GAAP

The Company has elected cost model for its PP& E and thus, the revaluation surplus existing as on the transition date under Indian GAAP amounting to ₹ 9,009.84 lakhs has been derecognised in the retained earnings on the date of transition.

Accordingly, depreciation on revaluation part of ₹ 1,065.26 lakhs adjusted against revaluation surplus under Indian GAAP have been reversed under Ind AS and charged to statement of profit & loss during the year ended 31st March 2016.

(j) Proposed Dividend

Under Indian GAAP, proposed dividend including dividend distribution tax (DDT) are recognised as liability in the period to which they relate, irrespective of when they are declared. Under Ind

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

AS proposed dividend is recognised as a liability in the period in which it is declared by the Company, usually when approved by shareholders in Annual General meeting, or paid.

Therefore, the dividend liability (proposed dividend) including dividend distribution tax liability amounting to ₹ 475.17 lakhs has been derecognised in the retained earnings as on date of transition.

(k) Cash Discount & claims paid

Under Indian GAAP, cash discount of ₹ 1,926.68 lakhs and claims paid of ₹ 301.11 lakhs were recognised as part of other expenses which has been adjusted against the revenue under Ind AS during the year ended 31st March, 2016.

(l) Interest component in revenue

Under Indian GAAP, invoice amounts were considered as revenue, irrespective of different credit terms with different customers adjusted against revenue under Ind AS during the year ended 31st March, 2016.

(m) Long Term Security Deposits

Under Indian GAAP the interest free security deposits, with fixed terms, were considered at cost basis. Under Ind-AS these financial assets have been adjusted to be carried at amortised cost, resulting in impact of the present value being treated as cost and the interest accrual recorded to restate the asset balance over its term.

As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

INDEPENDENT AUDITORS' REPORT

To
The Members of
Indo Count Industries Limited

1. Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Indo Count Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

2. Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive incomes), consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

3. Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at 31st March 2017, and its consolidated profit (including other comprehensive incomes) and its consolidated cash flows and consolidated changes in equity for the year ended on that date.

5. Other Matters

We did not audit the financial statements of two foreign subsidaries whose financial statements reflect total assets of ₹ 15,122.83 lakhs as at 31st March 2017, total revenues of ₹ 32,639.61 lakhs and net cash flows amounting to ₹ (185.05) lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) 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.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

The financial information of the Group for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory consolidated financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 7, 2016 and May 9, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

6. Report on Other Legal and Regulatory Requirements

I. As required by Section143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b)In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" based on reports of Holding Company as on 31st March 2017 and the reports of the statutory auditors of its subsidiary company incorporated in India.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note Nos. 30 and 39 to the consolidated Ind AS financial statements.

ii. The Group has made provisions, as required under the applicable laws or accounting standards, for material foreseeable losses, on long term contracts - Refer Note No. 47, to the consolidated Ind AS Financial Statements. Further, the Group did not have any material foreseeable losses on derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India– Refer Note No. 26 to the consolidated Ind AS financial statements.

iv. The company has provided requisite disclosures in the consolidated Ind AS Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that these are in accordance with books of account maintained by the company – Refer Note No. 44.

For **B. K. Shroff & Co.**
Chartered Accountants
Firm Registration No. : 302166E

O. P. Shroff
Partner
Membership No.: 6329

Mumbai, May 15, 2017

Annexure "A" to the Independent Auditors' Report

Referred to in paragraph 6(ii)(f) under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date on the Consolidated Ind AS Financial Statements of Indo Count Industries Limited and its subsidiary companies incorporated in India for the year ended 31st March, 2017.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31 2017, We have audited the internal financial controls over financial reporting of Indo Count Industries Limited (hereinafter referred to as "the Holding Company") and received audit report of the statutory auditor of its subsidiary company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

(a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(b) 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 authorizations of management and directors of the company; and

(c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **B.K Shroff & Co**
Chartered Accountants
Firm Registration Number: 302166E

O. P. Shroff
Partner
Membership No.: 6329

Mumbai, May 15, 2017

CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH, 2017

₹ In lakhs

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment	6	53,083.56	48,201.96	38,624.40
(b) Capital work-in-progress	6	1,217.63	1,064.59	1,457.28
(c) Other Intangible Assets	7	196.57	153.27	159.28
(d) Financial Assets				
(i) Investments	8	0.36	0.19	0.16
(ii) Loans	9	190.87	195.77	89.30
(iii) Others	10	0.01	12.27	8.93
(e) Other Non-Current Assets	11	163.52	930.86	1,040.42
(2) Current Assets				
(a) Inventories	12	47,191.20	45,639.89	38,303.17
(b) Financial assets				
(i) Trade receivables	13	31,122.87	24,307.57	16,030.75
(ii) Cash and cash equivalents	14	891.35	1,885.49	3,974.74
(iii) Bank balances other than (ii) above	15	967.86	1,054.89	1,097.01
(iv) Loans	16	73.94	43.97	33.99
(v) Others	17	6,180.33	1,907.77	2,259.76
(c) Current Tax Assets (Net)	18	2,197.79	2,987.87	6,436.95
(d) Other Current Assets	19	8,914.00	10,788.32	12,657.09
TOTAL ASSETS		**152,391.86**	**139,174.68**	**122,173.21**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	20	3,947.99	3,947.99	3,947.99
(b) Other Equity		80,670.48	59,092.50	35,298.16
Non Controlling Interest		814.94	831.08	840.05
LIABILITIES				
(1) Non-Current Liabilities				
(a) Financial Liabilities				
Borrowings	21	2,138.64	5,747.06	6,965.47
(b) Provisions	22	239.95	142.23	222.95
(c) Deferred Tax Liabilities (Net)	23	11,756.81	8,675.54	7,929.32
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	24	28,213.58	33,616.97	31,538.22
(ii) Trade Payables	25	13,427.46	13,013.87	18,884.21
(iii) Other Financial Liabilities	26	7,694.25	9,606.23	13,182.75
(b) Other Current Liabilities	27	3,323.53	4,104.59	3,244.64
(c) Provisions	28	159.78	7.15	4.28
(d) Current Tax Liabilities (Net)	29	4.45	389.47	115.17
TOTAL EQUITY AND LIABILITIES		**152,391.86**	**139,174.68**	**122,173.21**
CONTINGENT LIABILITIES AND COMMITMENTS	39			
SIGNIFICANT ACCOUNTING POLICIES	4			

The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2017

₹ In lakhs

Particulars	Note No.	For the year ended 31.03.2017	For the year ended 31.03.2016
CONTINUING OPERATIONS			
I INCOME			
Revenue from operations	31	215,281.83	206,269.60
Other income	32	10,497.77	4,789.86
TOTAL INCOME		**225,779.60**	**211,059.46**
II EXPENSES			
Cost of materials consumed	33	113,037.88	109,247.93
Changes in inventories of finished goods, work in progress and stock-in-trade	34	2,590.38	(4,698.71)
Emloyee benefits expense	35	12,415.22	10,586.21
Finance cost	36	4,212.45	5,508.09
Depreciation and amortisation expense	37	3,312.94	3,013.68
Other expenses	38	54,891.28	49,472.39
TOTAL EXPENSES		**190,460.15**	**173,129.59**
III Profit before exceptional items and tax (I-II)		**35,319.45**	**37,929.87**
IV Exceptional items		-	-
V Profit before tax (III-IV)		**35,319.45**	**37,929.87**
VI Tax expense			
a) Current tax		9,251.33	11,893.07
b) Previous year tax		85.89	318.72
c) Deferred tax		3,134.72	699.14
d) MAT credit entitlement for current year		-	(3.54)
e) MAT credit entitlement for earlier years		(357.64)	(108.31)
VII Profit for the year (V-VI)		**23,205.15**	**25,130.79**
VIII Other comprehensive income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement of the net defined benefit liability / asset		(153.76)	135.92
(ii) Income tax relating to items that will not be reclassified to profit or loss		53.45	(47.08)
B Items that will be reclassified to profit or loss			
(i) Exchange difference on translation of foreign operations		322.17	(1,088.98)
IX Total comprehensive income for the year (VII+VIII)		**23,427.01**	**24,130.65**
X Profit attributable to:			
Owners of the company		23,223.88	25,139.32
Non-controlling interests		(18.73)	(8.53)
XI Total comprehensive income attributable to:			
Owners of the company		23,443.15	24,139.62
Non-controlling interests		(16.14)	(8.97)
XII Earnings per equity share	43		
a) Basic		**11.76**	**12.73**
b) Diluted		**11.76**	**12.73**
SIGNIFICANT ACCOUNTING POLICIES	4		

The accompanying notes form an integral part of Financial Statements
As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31ST MARCH, 2017

A. EQUITY SHARE CAPITAL

Particulars	Notes	₹ In lakhs
As at 1st April, 2015		**3,947.99**
Changes in equity share capital	20 (a)	-
As at 31st March, 2016		**3,947.99**
Changes in equity share capital	20 (a)	-
As at 31st March, 2017		**3,947.99**

B. OTHER EQUITY

₹ In lakhs

Particulars	Reserves & Surplus					Preliminary Expenses	Exchange Differences on translating the financial statements of a foreign operation	Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Retained Earnings			
Balance as at 01.04.2015	**198.81**	**-**	**1,653.72**	**750.00**	**32,641.82**	**-**	**53.81**	**35,298.16**
Total Comprehensive Income for the year	-	-	-	-	24,139.62	-	-	24,139.62
Creation during the period for Balance Sheet items	-	-	-	-	-	-	(959.09)	(959.09)
Creation during the period for Profit and Loss items	-	-	-	-	-	-	1,088.98	1,088.98
Interim Dividend on Equity Shares	-	-	-	-	(394.80)	-	-	(394.80)
Dividend Distribution Tax on Interim Dividend	-	-	-	-	(80.37)	-	-	(80.37)
Transferred to Retained Earnings	-	-	-	(750.00)	750.00	-	-	-
Capital Redemption Reserve on Preference Shares	-	250.00	-	-	(250.00)	-	-	-
Balance as at 31.03.2016	**198.81**	**250.00**	**1,653.72**	**-**	**56,806.27**		**183.70**	**59,092.50**
Total Comprehensive Income for the year	-	-	-	-	23,443.15	-	-	23,443.15
Creation during the period for Balance Sheet items	-	-	-	-	-	-	(114.86)	(114.86)
Creation during the period for Profit and Loss items	-	-	-	-	-	-	(322.17)	(322.17)
Final Dividend on Equity Shares	-	-	-	-	(394.80)	-	-	(394.80)
Dividend Distribution Tax on Final Dividend	-	-	-	-	(80.37)	-	-	(80.37)
Interim Dividend on Equity Shares	-	-	-	-	(789.60)	-	-	(789.60)
Dividend Distribution Tax on Interim Dividend	-	-	-	-	(160.75)	-	-	(160.75)
Created during the year	-	-	-	-	-	(2.62)	-	(2.62)
Amortised during the year	-	-	-	-	(0.52)	0.52	-	-
Balance as at 31.03.2017	**198.81**	**250.00**	**1,653.72**	**-**	**78,823.38**	**(2.10)**	**(253.33)**	**80,670.48**

The accompanying notes form an integral part of Financial Statements

As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in lakhs

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before exceptional items and tax		35,319.45		37,929.87
Adjustments for:-				
Depreciation and amortisation		3,312.94		3,013.68
Profit on sale of assets		(26.87)		(16.03)
Finance cost		4,212.45		5,508.09
Interest income		(694.59)		(907.94)
Other comprehensive income		(153.75)		135.92
Loss on sale of assets		149.66		20.01
Operating profit before working capital changes		**42,119.29**		**45,683.60**
Changes in working capital:				
Adjustment for (increase)/decrease in operating assets				
Non current financial assets	17.15		(109.80)	
Other non current assets	767.34		109.57	
Inventories	(1,551.32)		(7,336.73)	
Trade receivables	(6,815.30)		(8,276.82)	
Current financial assets	(4,215.48)		384.11	
Other current assets	1,874.32	(9,923.29)	1,868.76	(13,360.91)
Adjustment for increase /(decrease) in operating liabilities				
Non current provisions	97.72		(80.71)	
Trade payables	413.59		(5,870.34)	
Other current financial liabilities	(1,911.98)		(3,576.51)	
Other current liabilities	(781.06)		859.95	
Current provisions	152.63	(2,029.10)	2.86	(8,664.75)
Net taxes (paid)/refund received		(8,574.52)		(8,376.56)
Net Cash flow from /(used in) operating activities (A)		**21,592.38**		**15,281.38**
B) CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure		(8,742.18)		(12,229.72)
Proceeds from sale of assets		228.50		33.21
Proceeds from sale of non-current investments		0.03		-
Purchase of non current investments		(0.20)		(0.03)
Interest income		694.59		907.94
Net Cash flow from/(used in) investing activities (B)		**(7,819.26)**		**(11,288.60)**
C) CASH FLOW FROM FINANCING ACTIVITIES.				
Net increase/(decrease) in non current borrowings		(3,608.42)		(1,218.41)
Net increase/(decrease) in current borrowings		(5,403.39)		2,078.73
Finance cost		(4,212.45)		(5,508.09)
Final dividend & DDT paid on equity shares		(394.80)		-
Tax on final dividend		(80.37)		-
Interim dividend & DDT paid on equity shares		(789.60)		(394.80)
Tax on interim dividend		(160.75)		(80.37)
Preliminary expenses		(2.62)		-
Transitional reserve of balance sheet items		(114.86)		(959.09)
Net Cash flow from /(used in) financing activities (C)		**(14,767.26)**		**(6,082.03)**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in lakhs

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Net Increase /(decrease) in cash and cash equivalents (A+B+C)	**(994.14)**	**(2,089.25)**
Cash and cash equivalents at the beginning of the year	**1,885.49**	**3,974.74**
Cash and cash equivalents at the end of the year	**891.35**	**1,885.49**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash and cash equivalents as per balance sheet	**891.35**	**1,885.49**
Cash and cash equivalents at the end of the year Comprises of:		
(a) cash in hand	8.13	24.76
(b) balance with banks		
in current accounts	883.22	1,860.73

As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

1. CORPORATE INFORMATION

Indo Count Industries Limited is a limited Group incorporated and domiciled in India whose shares are publicly traded. The registered office is located at Office No.1, Plot No.266, Village Alte, Kumbhoj Road, Taluka Hatkanagale, Dist. Kolhapur-416109, Maharashtra, India.

The Group mainly deals in Textiles. The Group has its wide network of operations in local as well as in foreign market. The group is also the preferred partner for some of the best known retail, hospitality and fashion brands in the world. It is fast, agile and responds to the needs of clients with solutions that make a difference in consumers' lives.

The Financial statements of the Group for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 15th May 2017.

2. BASIS OF PREPARATION

Ministry of Corporate Affairs notified roadmap to implement Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the said roadmap, the Group is required to apply Ind AS starting from financial year beginning on or after 1st April, 2016. Accordingly, the financial statements of the Group have been prepared in accordance with the Ind AS.

For all periods up to and including the year ended 31st March, 2016, the Group prepared its financial statements in accordance with the Accounting Standards notified under the section 133 of the companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). These financial statements for the year ended 31st March, 2017 are the first the Group has prepared in accordance with Ind AS (Refer Note 48 for information on how the Group has adopted Ind AS).

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

The financial statement are presented in Indian Rupees ('INR') and all values are rounded to the nearest lakhs, except otherwise indicated.

3. PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns, from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity income and expenses. Intercompany transaction, balances, and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provided evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment:

As on 1st April, 2015 "transition date", the Group opted to continue with the carrying value for all of its Property, plant and equipment as recognised in its previous GAAP financials as deemed cost. Accordingly, revaluation reserve standing in books

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

of the parent and one subsidiary, as on transition date transferred to retained earnings. Gross block, accumulated depreciation and WDV amounts of revalued assets are added to cost of respective class of assets. After transition to IND-AS, Group opted to follow cost model.

Property, plant and equipment are stated at original cost inclusive of incidental expenses related to acquisition net of tax / duty credit availed, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation on the property, plant and equipment is provided over the useful life of assets as specified in schedule II to the Companies Act, 2013. Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

The Group, based on technical assessment made by technical expert and management estimate, depreciates the certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

In case of some items of plant, depreciation has been provided in range of 3 years (minimum) to 35 years (maximum) based on the technical evaluation of the remaining useful life which is different from the one specified in schedule II to the Companies Act, 2013.

Leased assets

Leasehold lands are amortised over the period of lease. Building constructed on leasehold land are depreciated based on the useful life specified in schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building. In other case, building constructed on leasehold lands are amortized over the primary lease period of the land.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

4.2 Investment properties

Investment properties comprise portions of freehold land and office building that are held for long-term rental yields and/or for capital appreciation. Investment properties are initially recognized at cost. Subsequently, investment property comprising of building is carried at cost less accumulated depreciation and impairment losses.

The cost includes the cost of replacing parts and borrowing cost for long term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit and loss as incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Depreciation on building is provided over the estimated useful lives as specified in schedule II to the Companies Act, 2013. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the statement of profit and loss when the change arise.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of derecognition.

4.3 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Research and Development Cost:

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss.

During the period of development, the asset is tested for impairment annually.

Patents and Trade Marks:
The Group made upfront payments to purchase patents and trade-marks. The patents have been granted for a period of 20 years by the relevant agency with the option of renewal at the end of this period. Trade-marks for the use of intellectual property are granted for a period of 10 years with the option of renewal at the end of this period.

A summary trade-marks of the policies applied to the Group's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Trade-Marks	Finite (10 years)	Amortised on a straight-line basis over the period of the trade-mark	Acquired
Patents	Finite (20 years)	Amortised on a straight-line basis over the period of the patent	Acquired

4.4 Borrowing costs
Borrowing costs consist of interest and other costs that an Group incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

4.5 Impairment of non-financial assets:
As at each balance sheet date, the Group assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exits or when annual impairment testing for an asset is required, if any, the Group determines the recoverable amount and impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

- In the case of an individual asset, at the higher of the fair value less cost to sell and the value in use; and

- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of the cash generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transaction are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculation are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in profit and loss section of the statement of profit and loss, except for properties previously revalued with the revaluation taken to other Comprehensive Income (the OCI) For Such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

4.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

a) Raw material, packing material, construction material, stores & spares:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

b) Finished goods and work in progress:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

c) Traded goods:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

d) Wastage and rejections are valued at estimated realisable value.

Slow and non-moving material, obsolesces, defective inventories are duly provided for and valued at net realisable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.8 Foreign currency transactions

The Group's financial statements are presented in INR, which is also the Group's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognized as income or expenses in the period in which they are arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on transaction of non-monetary items is recognized in line with the gain or losses of the item that gave arise to the translation difference (i.e. translation differences on items whose gain or loss is recognized in other comprehensive income or the statement of profit and loss is also recognized in other comprehensive income or the statement of profit and loss respectively).

4.9 Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

- It is expected to be settled in normal operating cycle

- It is held primarily for the purpose of trading

- It is due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.10 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.11 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of Services:

Revenue from sale of service is recongised as per terms of the contract with customers when the outcome of the transactions involving rendering of services can be estimated reliably.

Interest Income:

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividends:

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Lease Income:

Lease agreements where the risks and rewards incident to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals are recognized on straight-line basis as per the terms of the agreements in the statement of profit and loss.

4.12 Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

4.13 Earnings per share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period.

4.14 Taxes

Current Income Tax:

- Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.

- Current income tax relating to items recognized directly in equity and not in the statement of profit and loss. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Deferred Tax:
Deferred Tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred Tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Group and the same taxation authority.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Group have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

4.15 Segment accounting
The Chief Operational Decision Maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The operating segments have been identified on the basis of the nature of products / services.

a) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

b) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not allocable to segments are included under unallocable expenditure.

c) Income which relates to the Group as a whole and allocable to segments is included in unallocable income.

d) Segment result includes margins on inter-segment and sales which are reduced in arriving at the profit before tax to the Group.

e) Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Group as a whole and not allocable to any segment.

Inter-Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

4.16 Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainly that the Group will obtain ownership by the end of the lease term, the asset is depreciated over shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charges to the statement of profit and loss on straight line basis.

4.17 Employee benefits

i) Short-term employee benefits

All employee benefits payable only within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, etc. and the excepted cost of bonus, ex-gratia, and incentives are recognized in the period during which the employee renders the related service.

ii) Post-employment benefits

a) Defined contribution plans

State Government Provident Scheme is a defined contribution plan. The contribution paid / payable under the scheme is recognized in the statement of profit and loss during the period in which the employee renders the related services.

b) Defined Benefit Plans

The employee Gratuity Fund scheme and Leave Encashment scheme managed by different trusts are defined benefit plans.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gain and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognized in the statement of profit and loss in the period of plan amendment.

Net Interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Group recognizes the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

- Net interest expense or income.

Long-term employee benefit

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Termination benefits

Termination benefits are recognized as an expenses in the period in which they are incurred.

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4.18 Provision, Contingent liabilities, Contingent assets and Commitments

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provision, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Warranty Provisions

Provision for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Liquidated damages

Provision for liquidated damages are recognized on contracts for which delivery dates are exceeded and computed in reasonable manner.

Other Litigation claims

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Group recognizes impairment on the assets with the contract.

4.19 Exceptional Items

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activates of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

4.20 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Assets and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the that either has been disposed of, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations,
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations,

Or

- is a subsidiary acquired exclusively with a view to resale.

An Group shall not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

4.21 Financial Instruments

i) Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two broad categories:

- Financial asset at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognized entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognized in other comprehensive income (i.e fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Group's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- **Cash flow characteristics test:** 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.

A financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test**: The Financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- **Cash flow characteristics test:** 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.

Even if an instrument meets the two requirements to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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All other financial asset is measured at fair value through profit or loss.

All Equity investments are measured at fair value in the balance sheet, with value changes recognized in the statement of profit and loss, except for those equity investments for which the Group has elected to present value changes in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either;

a) The Group has transferred substantially all the risks and rewards of the asset, or

b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Investment in associates, joint venture and subsidiaries

The Group has accounted for its investment in associates, joint venture, and subsidiaries at cost.

Impairment of financial assets

The Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;

- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12- months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Group follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and

- All lease receivables

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Group reverts to recognize impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk to be identified on a timely basis.

ii) Financial liabilities:

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

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Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

iv) Derivative financial instruments and hedge accounting

The Group enters into derivative contracts to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognized at fair value on the date on which a derivate contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, expect for the effective portion of cash flow hedges, which is recognized in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

4.22 Business combination under common control

Common control business combinations include transactions, such as transfer of subsidiaries or businesses, between entities within a group.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method. Under pooling of interest, the assets and liabilities of the combining entities are reflected at their carrying amounts, the only adjustments that are made are to harmonise accounting policies.

The financial information in the financial statements in respects of prior periods are restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, if business combination had occurred after that date, the prior period information is restated only from that date.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

4.23 Preference Shares

i) Non-convertible Preference Shares

On issuance of non-convertible preference shares, the fair value is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

ii) Convertible Preference Shares

Convertible preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or

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redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made judgements, which have the most significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Revaluation of property, plant and equipment

The Group has elected cost model for its PP& E and thus, the revaluation surplus existing as on the transition date under Indian GAAP has been derecognised in the retained earnings on the date of transition. Accordingly, depreciation on revaluation adjusted against revaluation surplus under Indian GAAP have been reversed under Ind AS and charged to statement of profit & loss.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-

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term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

6. PROPERTY, PLANT AND EQUIPMENT

₹ in lakhs

Particulars	Land - Leasehold	Land - Freehold	Buildings *	Plant & Machinery **	Furniture & Fixtures	Factory & Office Equipments	Vehicles	Total	Capital Work in Progress ***
Gross Carrying Amount									
As at 01.04.2015	827.38	1,066.66	9,124.18	57,693.56	542.99	757.20	317.44	70,329.41	1,457.28
Additions	-	-	1,839.38	10,435.15	29.26	233.91	36.06	12,573.76	-
Disposals / Transfers	-	-	-	488.85	-	16.40	9.16	514.41	392.69
As at 31.03.2016	**827.38**	**1,066.66**	**10,963.56**	**67,639.86**	**572.25**	**974.71**	**344.34**	**82,388.76**	**1,064.59**
Additions	6.32	-	2,751.39	4,525.63	827.38	215.15	149.89	8,475.76	153.04
Disposals / Transfers	-	-	-	1,428.59	0.64	-	40.45	1,469.68	-
As at 31.03.2017	**833.70**	**1,066.66**	**13,714.95**	**70,736.90**	**1,398.99**	**1,189.86**	**453.78**	**89,394.84**	**1,217.63**
Accumalated Depreciation									
As at 01.04.2015	33.73	-	2,938.75	27,784.04	317.68	500.06	130.75	31,705.01	-
Depreciation charged for the year	4.08	-	272.65	2,465.44	42.91	76.50	31.92	2,893.50	-
Disposals / Transfers	-	-	-	387.41	-	15.60	8.70	411.71	-
As at 31.03.2016	**37.81**	**-**	**3,211.40**	**29,862.07**	**360.59**	**560.96**	**153.97**	**34,186.80**	**-**
Depreciation charged for the year	3.72	-	301.92	2,670.14	120.21	103.79	43.09	3,242.87	-
Disposals / Transfers	-	-	-	1,079.78	0.17	-	38.44	1,118.39	-
As at 31.03.2017	**41.53**	**-**	**3,513.32**	**31,452.43**	**480.63**	**664.75**	**158.62**	**36,311.28**	**-**
Net Carrying Amount									
As at 01.04.2015	**793.65**	**1,066.66**	**6,185.43**	**29,909.52**	**225.31**	**257.14**	**186.69**	**38,624.40**	**1,457.28**
As at 31.03.2016	**789.57**	**1,066.66**	**7,752.16**	**37,777.79**	**211.66**	**413.75**	**190.37**	**48,201.96**	**1,064.59**
As at 31.03.2017	**792.17**	**1,066.66**	**10,201.63**	**39,284.47**	**918.36**	**525.11**	**295.16**	**53,083.56**	**1,217.63**

*a) Includes 10 shares of ₹ 50 each of Arcadia Premises Co-operative Society Limited.

b) Includes 10 shares of ₹ 50 each of Vardhman Industrial Complex Premises Co-operative Housing Society Limited.

** Includes addition on account of foreign exchange fluctuations of ₹ 153.41 lakhs (31.03.2016 ₹ 165.25 lakhs, 01.04.2015 ₹ Nil).

*** Does not include Capital Advances of ₹ 122.35 lakhs (31.03.2016 ₹ 889.93 lakhs 01.04.2015 ₹ 884.53 lakhs).

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7. OTHER INTANGIBLE ASSETS

₹ in lakhs

Particulars	Software	Patents	Total
Gross Carrying Amount			
As at 01.04.2015	242.83	24.45	267.28
Additions	45.05	3.61	48.66
Disposals / Transfers	-	-	-
As at 31.03.2016	**287.88**	**28.06**	**315.94**
Additions	89.22	24.15	113.37
Disposals / Transfers	-	-	-
As at 31.03.2017	**377.10**	**52.21**	**429.31**
Accumalated Depreciation			
As at 01.04.2015	102.62	5.38	108.00
Depreciation charged for the year	49.62	5.05	54.67
Disposals / Transfers	-	-	-
As at 31.03.2016	**152.24**	**10.43**	**162.67**
Depreciation charged for the year	63.91	6.16	70.07
Disposals / Transfers	-	-	-
As at 31.03.2017	**216.15**	**16.59**	**232.74**
Net Carrying Amount			
As at 01.04.2015	**140.21**	**19.07**	**159.28**
As at 31.03.2016	**135.64**	**17.63**	**153.27**
As at 31.03.2017	**160.95**	**35.62**	**196.57**

8. NON-CURRENT INVESTMENTS

Particulars		No. of Shares			₹ in lakhs		
		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Quoted							
Others							
HDFC Liquid Fund Growth		6.370			0.20	-	-
Sub Total	**A**				**0.20**	-	-
Unquoted							
Others							
In fully paid up equity shares of ₹ 10 each							
The Shamrao Vittal Co-op. Bank Ltd.		-	260	-	-	0.03	-
Shri Datta Nagari Sah Pat Sanstha Ltd.		1,050	1,050	1,050	0.11	0.11	0.11
Choudeswari Co- Op Bank Ltd.		200	200	200	0.05	0.05	0.05
Sub Total	**B**				**0.16**	**0.19**	**0.16**
TOTAL	**A+B**				**0.36**	**0.19**	**0.16**
Aggregate value of:							
Quoted investments					0.20	-	-
Unquoted investments					0.16	0.19	0.16
Market value of Quoted investments					0.20	-	-

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9. NON-CURRENT FINANCIAL LOANS

(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Security Deposits	150.13	142.70	64.53
Deferred Expenditure	40.74	53.07	24.77
TOTAL	**190.87**	**195.77**	**89.30**

10. OTHER NON-CURRENT FINANCIAL ASSETS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks			
Held as margin / Fixed deposits	0.01	12.27	8.93
TOTAL	**0.01**	**12.27**	**8.93**

a) Includes receipts for ₹ 0.01 lakhs (31.03.2016 ₹ 0.01 lakhs, 01.04.2015 ₹ 0.01 lakhs) lodged with Sales Tax Department.

b) Includes receipts for ₹ Nil (31.03.2016 ₹ 0.42 lakhs, 01.04.2015 ₹ 0.42 lakhs) held with bank as margin money against guarantee given to DGFT.

c) Includes receipts for ₹ Nil (31.03.2016 ₹ 11.84 lakhs, 01.04.2015 ₹ 8.50 lakhs) held with bank as margin money against guarantee given to MSEDCL.

11. OTHER NON-CURRENT ASSETS

(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Advances	122.35	889.93	1,004.87
Security Deposits	41.17	40.93	35.55
TOTAL	**163.52**	**930.86**	**1,040.42**

12. INVENTORIES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Raw Materials *	14,398.23	10,764.28	7,794.96
Work in Progress	14,542.55	11,988.66	10,930.66
Finished Goods **	16,000.63	21,150.84	17,502.87
Waste	25.17	19.23	26.50
Stores & Spares ***	1,840.83	1,420.29	1,586.40
Dyes and Chemicals ***	383.79	296.59	461.78
TOTAL	**47,191.20**	**45,639.89**	**38,303.17**

* includes goods in transit ₹ 1,115.07 lakhs (31.03.2016 ₹ 2,043,91 lakhs, 01.04.2015 ₹ 1,167.67 lakhs).

** includes goods in transit ₹ 2,492.91 lakhs (31.03.2016 ₹ 2,771.25 lakhs, 01.04.2015 ₹ 5,593.22 lakhs).

*** includes goods in transit ₹ 55.03 lakhs (31.03.2016 ₹ 27.44 lakhs, 01.04.2015 ₹ 69.98 lakhs).

**** includes goods in transit ₹ 59.90 lakhs (31.03.2016 ₹ 20.27 lakhs, 01.04.2015 ₹ 7.95 lakhs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

13. CURRENT TRADE RECEIVABLES

(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Exceeding Six Months	202.96	317.03	-
Others	30,919.91	23,990.54	16,030.75
TOTAL	**31,122.87**	**24,307.57**	**16,030.75**

14. CASH AND CASH EQUIVALENTS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Cash in hand	8.13	24.76	25.31
Balances with Banks			
- In Current Acounts *	883.22	1,860.73	3,948.87
- Held as margin / Fixed deposits	-	-	0.56
TOTAL	**891.35**	**1,885.49**	**3,974.74**

* Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd. ₹ 2.01 lakhs (31.03.2016 ₹ 1.68 lakhs, 01.04.2015 ₹ 1.64 lakhs), maximum amount outstanding anytime during the year ₹ 2.54 lakhs (31.03.2016 ₹7.33 lakhs, 01.04.2015 ₹ 6.05 lakhs).

15. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with Banks			
- Held as margin/ fixed deposits	967.86	1,054.89	1,097.01
TOTAL	**967.86**	**1,054.89**	**1,097.01**

a) Includes receipts for ₹ 195.97 lakhs (31.03.2016 ₹ 301.13 lakhs, 01.04.2015 ₹ 34.46 lakhs) held with bank as margin money against guarantee for letters of credit.

b) Includes receipts for ₹ 0.05 lakhs (31.03.2016 ₹ 0.05 lakhs, 01.04.2015 ₹ 0.05 lakhs) lodged with Excise Department.

c) Includes receipts for ₹ 96.84 lakhs (31.03.2016 ₹ 85.00 lakhs, 01.04.2015 ₹ Nil) held with bank as margin money against guarantee given to MSEDCL and ₹ 26.50 lakhs (31.03.2016 ₹ Nil, 01.04.2015 ₹ Nil) held with bank as margin money against guarantee given to private supplier of electricity.

d) Includes receipts for ₹ 648.50 lakhs (31.03.2016 ₹ 668.70 lakhs, 01.04.2015 ₹ 1,062.50 lakhs) held with bank as margin money against guarantee for cash credit facility of a foreign subsidiary.

16. CURRENT FINANCIAL LOANS

(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Security Deposits	73.94	43.97	33.99
TOTAL	**73.94**	**43.97**	**33.99**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

17. OTHER CURRENT FINANCIAL ASSETS

(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Derivative Asset	5,726.52	864.02	1,664.09
Others	453.81	1,043.75	595.67
TOTAL	**6,180.33**	**1,907.77**	**2,259.77**

18. CURRENT TAX ASSETS (NET)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Advance Income Tax (including tax deducted at source)	1,589.57	-	137.36
Refund Due	69.76	69.04	69.04
MAT Credit Entitlement	538.46	2,918.83	6230.55
TOTAL	**2,197.79**	**2,987.87**	**6436.95**

19. OTHER CURRENT ASSETS

(Unsecured-considered good)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Export Incentives / Claims recoverable	6,092.64	6,512.32	7,522.02
Balances with Excise / Service Tax Authorities	289.26	1,017.07	1,163.33
Balances with VAT Authorities	1,404.97	1,258.75	1,911.66
Interest accrued on Deposits	7.52	3.79	3.21
Advance to Suppliers	153.09	1667.04	1,824.56
Others	957.27	325.34	225.18
Security Deposits	9.25	4.01	7.13
TOTAL	**8,914.00**	**10,788.32**	**12,657.09**

20. EQUITY SHARE CAPITAL

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Authorised			
Equity Shares			
27,50,00,000 shares of ₹ 2 each (31.03.2016 and 01.04.2015 5,50,00,000 shares of ₹ 10 each)	5,500.00	5,500.00	5,500.00
Preference Shares			
50,00,000 Shares of ₹ 10 each	500.00	500.00	500.00
TOTAL	**6,000.00**	**6,000.00**	**6,000.00**
Issued, subscribed and paid-up			
Equity Shares			
19,73,99,670 shares of ₹ 2 each (31.03.2016 and 01.04.2015 3,94,79,934 shares of ₹ 10 each)	3947.99	3947.99	3947.99
TOTAL	**3947.99**	**3947.99**	**3947.99**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Notes:

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Authorised						
Equity Shares of ₹ 2 each (31.03.2016 and 01.04.2015 of ₹ 10 each)						
Balance at the beginning of the year	55,000,000	5,500.00	55,000,000	5,500.00	55,000,000	5,500.00
Increase due to Sub-Division*	220,000,000	-	-	-	-	-
Balance at the end of the year	**275,000,000**	**5,500.00**	**55,000,000**	**5,500.00**	**55,000,000**	**5,500.00**
Preference Shares of ₹ 10 each						
Balance at the beginning of the year	5,000,000	500.00	5,000,000	500.00	5,000,000	500.00
Balance at the end of the year	**5,000,000**	**500.00**	**5,000,000**	**500.00**	**5,000,000**	**500.00**
TOTAL	**280,000,000**	**6,000.00**	**60,000,000**	**6,000.00**	**60,000,000**	**6,000.00**
Issued, subscribed and paid-up						
Equity Shares of ₹ 2 each (31.03.2016 and 01.04.2015 of ₹ 10 each)						
Balance at the beginning of the year	39,479,934	3,947.99	39,479,934	3,947.99	39,479,934	3,947.99
Increase due to Sub-Division*	157,919,736	-	-	-	-	-
Balance at the end of the year	**197,399,670**	**3,947.99**	**39,479,934**	**3,947.99**	**39,479,934**	**3,947.99**

*Pursuant to the approval of Board of Directors and members of the Group, w.e.f. 15th November, 2016 ("Record Date"), an equity share of face value of ₹ 10 each was sub-divided into 5 equity shares of face value of ₹ 2 each.

(b) Terms / rights attached to equity shares

(i) The Group has only one class of equity shares having a par value of ₹ 2 each (31.03.2016 and 01.04.2015 of ₹ 10 each). Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(c) Details of equity shares in the Group held by each shareholder holding more than 5% of shares is as under

Name of the Shareholder	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	percentage	No. of Shares	percentage	No. of Shares	percentage
Indo Count Securities Limited	31,041,385	15.73%	6,208,277	15.73%	6,208,277	15.73%
Sandridge Investments Limited (Formerly Swastik Investment Corporation)	62,002,455	31.41%	12,400,491	31.41%	12,400,491	31.41%
Elm Park Fund Ltd.	11,740,955	5.95%	2,717,161	6.88%	2,717,161	6.88%

(d) There are no shares reserved for issue under options and contracts/commitments for the sale of shares/ disinvestment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

(e) Dividend paid and proposed

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Interim Dividend for F.Y. 2015-16: Re. 1 per share (face value of ` 10 each)	-	394.80
Final Dividend for F.Y. 2015-16: Re. 1 per share (face value of ₹ 10 each)	394.80	-
Interim Dividend for F.Y. 2016-17: Re. 0.40 per share (face value of ₹ 2 each)	789.60	-

Nature and purpose of reserves

i) Capital Reserve:

Capital Reserve standing in books against capital subsidy received for establishing manufacturing unit.

ii) Capital Redemption Reserve:

Capital Redemption Reserve was created for redemption of Preference Shares as per requirement of provisions of Companies Act, 2013. The Group may issue fully paid bonus shares to its members out of the capital redemption reserve account.

iii) Securities Premium Reserve:

Securities premium reserve is created when shares issued at premium. The Group may issue fully paid up bonus shares to its members or buy-back of share out of the security premium reserve account.

21. NON-CURRENT BORROWINGS (Secured)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1) DEBENTURES (a)	-	-	744.00
10 % 300 Secured redeemable non convertible debentures of ₹ 10,00,000 each			
2) TERM LOAN			
Rupee loans			
- From Banks (a)	-	2,819.72	3,071.84
- From Financial Institutions (a)	440.00	457.29	961.16
3) Hire Purchase Finance (b)	-	-	76.08
4) Foreign Currency Loan			
- Buyers Credit (c)	1,698.64	2,470.05	1,862.39
5) 4% Preference Shares of ₹ 10 each fully paid up	-	-	250.00
TOTAL	**2,138.64**	**5,747.06**	**6,965.47**

a) Secured by first pari-passu charge by way of mortgage of all immovable properties and by second pari-passu charge on hypothecation of all movable properties and current assets (save and except stocks and book debts and moveables of electronic division) both present and future. (including for amounts appearing in current maturities of long term debts of ₹ 200.00 lakhs, (31.03.2016 ₹ 988.94 lakhs, 01.04.2015 ₹ 2,071.95 lakhs).

b) Secured against hypothecation of vehicles acquired under Auto Loan Schemes.

c) Secured against machinery acquired (including amount appearing in current maturity of long term debts ₹ 533.87 lakhs (31.03.2016 ₹ 568.08 lakhs, 01.04.2015 ₹ 441.22 lakhs)).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Non-Current Borrowings Repayment Schedule

₹ in lakhs

Particulars	Maturity Profile			
	1-2 Years	2-3 Years	3-4 Years	4-5 Years
1) TERM LOAN				
- Rupee loans				
- From Financial Institutions	440.00	-	-	-
2) Foreign Curency Loan :				
- Buyers Credit	622.63	622.63	275.86	177.52
TOTAL	**1,062.63**	**622.63**	**275.86**	**177.52**

22. NON-CURRENT PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits	239.95	142.23	222.95
TOTAL	**239.95**	**142.23**	**222.95**

23. INCOME TAX

The major components of income tax expense for the years ended 31st March 2017 and 31st March 2016 are:

Statement of profit and loss:

Profit or loss section

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Current income tax:		
- Current income tax charge	9,251.33	11,889.54
- Adjustments in respect of current income tax of previous year	(271.75)	210,41
Deferred tax:		
- Relating to origination and reversal of temporary differences	3,134.72	699.14
- Income tax expense reported in the statement of profit or loss	**12,114.30**	**12,799.09**

Other comprehensive income (OCI) section

Deferred tax related to items recognised in OCI during the year:

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Net loss/(gain) on remeasurements of defined benefit plans	(53.45)	47.08
Income tax charged to OCI	**(53.45)**	**47.08**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Deferred tax ₹ in lakhs

Particulars	Balance Sheet			Profit & Loss	
	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Deferred tax relates to the following:					
Expenses allowable on payment basis	318.00	230.86	200.29	(87.14)	(30.57)
Incomes allowable on receipt basis	(1,992.18)	(306.88)	(575.91)	1,685.30	(269.03)
Unused tax losses / depreciation	490.11	445.13	419.68	(44.98)	(25.45)
Accelerated depreciation for tax purpose	(10,572.74)	(9,044.65)	(7,973.38)	1,528.09	1,071.27
	(11,756.81)	**(8,675.54)**	**(7,929.32)**	**3,081.27**	**746.22**
Defered tax expenses /(income)					
- Recognised in Profit & loss	-	-	-	3,134.72	699.14
- Recognised in OCI	-	-	-	(53.45)	47.08
Defered tax assets/ (liabilities)	(11,756.81)	(8,675.54)	(7,929.32)	-	-
	(11,756.81)	**(8,675.54)**	**(7,929.32)**	**3,081.27**	**746.22**

Deferred tax asset in respect of long term capital losses of ₹ 67.50 lakhs, 31.03.2016 ₹ 67.50 lakhs, 01.04.2015 ₹ 67.50 lakhs has not been recognised in view of uncertainity of its realisation.

Reflected in the balance sheet as follows: ₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Deferred tax assets	808.11	675.99	619.97
Deferred tax liabilities	(12,564.92)	(9,351.53)	(8,549.29)
Deferred tax liabilities (net)	**(11,756.81)**	**(8,675.54)**	**(7,929.32)**

Reconciliation of deferred tax liabilities, net ₹ in lakhs

Particulars	2016-17	2015-16
Opening balance as of 1st April	(8,675.54)	(7,929.32)
Tax income/(expense) during the year recognised in profit or loss	(3,134.72)	(699.14)
Tax income/(expense) during the year recognised in OCI	53.45	(47.08)
Closing balance as at 31st March	**(11,756.81)**	**(8,675.54)**

24. CURRENT BORROWINGS (Secured)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Loans repayable on Demand			
From Banks*			
- In Rupees	23,822.83	26,680.96	24,975.72
- In Foreign Currency	4,390.75	6,936.01	6,562.50
TOTAL	**28,213.58**	**33,616.97**	**31,538.22**

*Secured by first pari-passu charge by hypothecation on all current assets and further secured by second pari-pasu charge on fixed assets both present and future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

25. TRADE PAYABLES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Total outstanding dues of Micro Enterprises and Small Enterprises*	-	-	-
Others	13,427.46	13,013.87	18,884.21
TOTAL	**13,427.46**	**13,013.87**	**18,884.21**

* The Group has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

26. OTHER CURRENT FINANCIAL LIABILITIES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Current Maturities of Long Term Debts	733.87	1,557.02	4,025.45
Interest accrued but not due on Borrowings	12.78	55.55	277.14
Acceptances	5,883.25	6,125.05	6,009.99
Security Deposit	0.35	160.92	46.96
Unpaid Dividend *	37.14	9.64	-
Other Payables	1,026.86	1,698.05	2,823.21
TOTAL	**7,694.25**	**9,606.23**	**13,182.75**

* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

27. OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Advance from Customers	34.16	378.17	115.31
Other Paybles	3,289.37	3,726.42	3,129.33
TOTAL	**3,323.53**	**4,104.59**	**3,244.64**

28. CURRENT PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee Benefits	159.78	7.15	4.28
TOTAL	**159.78**	**7.15**	**4.28**

29. CURRENT TAX LIABILITIES (NET)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Income Tax (net of MAT credit entitlement)	4.45	389.47	115.17
TOTAL	**4.45**	**389.47**	**115.47**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

30. Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Movement in provisions

₹ in lakhs

Particulars	Export LC Discounting		Bank Guarantees*		Excise duty/ Customs duty/ Service Tax	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Carrying amount at the beginning of the year **	3,795.72	3,328.93	671.72	788.85	212.58	165.17
Additional provision made during the year #	-	466.79	-	-	-	47.41
Amounts used during the year	1,711.00	-	136.81	116.35	43.41	-
Unused amounts reversed during the year #	-	-	-	0.78	1.00	-
Carrying amount at the end of the year **	2,084.72	3,795.72	534.91	671.72	168.17	212.58

₹ in lakhs

Particulars	Other litigation claims		Corporate Bank Guarantee		Total	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Carrying amount at the beginning of the year **	22.11	20.91	6,294.23	5,312.50	10,996.36	9,616.36
Additional provision made during the year #	2.26	1.20	-	981.73	2.26	1,497.13
Amounts used during the year	-	-	-	-	1,891.22	116.35
Unused amounts reversed during the year #	-	-	133.48	-	134.48	0.78
Carrying amount at the end of the year **	24.37	22.11	6,160.75	6,294.23	8,972.92	10,996.36

*Includes ₹ 85.00 lakhs provided by Holding Company on behalf of an Indian Subsidiary as margin money with banks in form of fixed deposit.

**Carrying amounts comprise of non-current and current provisions.

#Additional provision made during the year and reversal of unused amounts are included in the respective head of accounts.

Nature of provisions:

(i) Provision for export LC discounting represents the amount of export bills discounted with banks.

(ii) Bank guarantee amount is held by banks by way of margin money in the form of fixed deposits, for various credit facilities.

(iii) Provision for excise duty /customs duty / service tax represents the differential duty liability that is expected to materialise in respect of matters in appeal.

(iv) Provision for litigation related obligations represents liabilities that are expected to materialise in respect of matters in appeal.

(v) Corporate Bank guarantee amount represents guarantee given to a foreign bank on behalf of a foreign subsidiary and to MSEB for power supply by way of margin money in the form of fixed deposits, provided on behalf of an Indian subsidiary.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

31. REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Sale of Products	196,387.65	189,227.20
Sale of Services	2.48	18.10
Export Incentives / Benefits	18,891.70	17,024.29
TOTAL	**215,281.83**	**206,269.60**

32. OTHER INCOME

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Interest - Banks	37.63	7.92
Interest - Others	656.96	900.02
Claims Received	924.81	-
TUFS Subsidy Received	10.01	222.11
Miscellaneous Receipts	61.09	39.55
Insurance Claim Received	10.56	9.85
Profit on Sale of Assets	26.86	16.04
Exchange Rate Difference (Net)	3,734.94	2,019.69
Rent Received	-	1.80
Mark to Market on Forward Contracts	4,863.75	1.25
Sundry balances / Excess provision written back (Net)	12.00	54.50
Liability no longer payable written back	159.16	1,517.13
TOTAL	**10,497.77**	**4,789.86**

33. COST OF MATERIALS CONSUMED

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Raw material & Components consumed		
Opening Stock	10,764.28	7,794.96
Add : Purchases	116,671.83	112,217.25
Sub-Total	**127,436.11**	**120,021.21**
Less: Closing Stock	14,398.23	10,764.28
COST OF MATERIALS CONSUMED	**113,037.88**	**109,247.93**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

34. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

₹ in lakhs

Particulars		For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Opening Stock			
Finished Goods		21,150.84	17,502.77
Stock in Process		11,988.66	10,930.75
Waste		19.23	26.50
Sub Total	**A**	**33,158.73**	**28,460.02**
Less : Closing Stock			
Finished Goods		16,000.63	21,150.84
Stock in Process		14,542.55	11,988.66
Waste		25.17	19.23
Sub-Total	**B**	**30,568.35**	**33,158.73**
(INCREASE)/DECREASE IN STOCK	**A-B**	**2,590.38**	**(4,698.71)**

35. EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Salaries & Wages	9,439.75	7,775.37
Director's Remuneration	1,738.87	1,625.73
Contribution to Provident & Other Funds	735.02	601.89
Gratuity	178.93	297.21
Staff Welfare Expense	269.73	233.00
Recruitment & Training Expense	52.92	53.01
TOTAL	**12,415.22**	**10,586.21**

36. FINANCE COST

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Interest Expense		
- On Debentures	-	83.23
- On Term Loans	156.41	848.68
- Banks	2,867.69	238.06
- Others	31.68	3,172.04
Bank Charges	1,092.76	857.96
Finance Procurement Charges	63.91	308.12
Total	**4,212.45**	**5,508.09**

37. DEPRECIATION & AMORTISATION EXPENSE

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Depreciation	3,312.94	3,013.68
TOTAL	**3,312.94**	**3,013.68**

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38. OTHER EXPENSES

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Consumption of Stores/Dyes and Packing Materials	15,360.30	14,207.89
Jobwork Charges	16,432.28	12,444.91
Power & Fuel	7,366.34	7,075.69
Loss due to decline in value of inventory	1,577.59	-
Rent (a)	689.13	452.20
Rates, Taxes & Fees	285.23	248.98
Insurance	298.45	415.12
Repairs to Machinery	639.41	557.60
Repairs to Buildings	131.91	185.56
Commission & Brokerage	1,986.29	2,853.42
Freight Outward	2,908.54	3,806.41
Other Selling Expenses	2,950.08	2,686.60
Loss on Sale of Assets	149.66	20.01
Bad debts/advances written off	-	63.00
Mark to Market on Forward Contracts	1.25	801.33
Previous Year's Expenses	-	5.10
Miscellaneous Expenses (b)	4,114.82	3,648.57
TOTAL	**54,891.28**	**49,472.39**

(a) Including operating lease

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
A) The total of future minimum lease payments under non-cancellable operating leases for each of the following years:		
i) Not later than one year	288.95	211.13
ii) Later than one year and not later than five years	499.47	432.48
iii) Later than five years	-	-
B) Lease payments recognized in the statement of profit and loss	272.60	193.92

(b) Includes payment to auditors

₹ in lakhs

Particulars	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
As Statutory Audit Fee	39.98	41.29
As Quarterly Audit / Limited Review Fees	10.50	10.50
As Tax Audit Fee	3.50	3.50
For Tax Representations	1.50	0.61
For Certification Work	0.43	0.85
In Other Capacity	1.30	3.35
For Reimbursement of Expenses	3.22	1.16
TOTAL	**60.43**	**61.26**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

39. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

A. Contingent Liabilities

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
i) Amount outstanding in respect of export bills discounted under Export Letters of Credit (Since realised ₹ 1,102.03 lakhs, 31.03.2016 ₹ 1,361.85 lakhs, 01.04.2015 ₹ 1,427.53 lakhs)	2,084.72	3,795.72	3,328.93
ii) Bank Guarantee	534.91	671.72	788.85
iii) Excise duty / Custom duty / Service Tax demands disputed in appeals	168.17	212.58	165.17
iv) Pending Labour cases	24.37	22.11	20.91
v) Corporate guarantee given to a foreign bank outside India for securing financial assistance to:			
- Foreign Subsidiary	6,160.75	6,294.23	5,312.50

(a) Bank Guarantee includes ₹ 85.00 lakhs provided by Holding Company on behalf of an Indian Subsidiary as margin money with banks in form of fixed deposit.

(b) In terms of EPCG Licence issued, the Group has undertaken an export obligation for ₹ 53,669 lakhs, which is to be fulfilled over a period of 8 years. The Group has completed the export obligation to the extent of ₹ 47,719 lakhs till the year end, of which licenses of ₹ 38,722 lakhs redeemed by the DGFT and the application for redemption of licenses submitted for ₹ 8,997 lakhs. The export obligation for ₹ 5,950 lakhs is to be fulfilled over the remainig period of 8 years.

(c) In terms of advance license obtained for import of raw materials the Group has undertaken an export obligation for USD 18.950 Mn. which is to be fulfilled over a period of 2 years. The Group has completed the obligation to the extent of USD 15.441 Mn. The license redeemed by the DGFT amounting to USD 12.708 Mn. The balance obligation of USD 3.508 Mn. is to be fulfilled over the remainig period.

(d) Under the package scheme of incentives of Government of Maharashtra for Mega Projects, the Group was eligible for VAT and Electricity duty refund benefits. However, if it contravenes any of the conditions of the scheme or eligibility certificate of entitlement or agreement, it shall repay forthwith the entire benefits drawn / availed alongwith interest thereon together with costs, charges and expenses thereon.

(e) No provision has been made in the accounts towards electricity duty on electricity generated for captive use during the period 01.04.2000 to 30.04.2005 amounting to ₹ 292.07 lakhs (previous year ₹ 292.07 lakhs) excluding interest, as the Group has won the case against MSEDCL vide order number 2204 of 2007 dated 07.11.2009 of the Hon'ble High Court of Jurisdiction at Mumbai whereby it was decided that no such duty is payable. MSEDCL has taken up this matter before Supreme Court with condonation of delay and matter is yet to be heard. As the matter is subjudice, the management feels that no provision is necessary.

(f) i) The Board for Industrial and Financial Reconstruction (BIFR) in its order dated 16th September 2010 has directed that an Indian Subsidiary Company to be a Sick Industrial Company within the meaning of section 3 (I) (o) of the SICA as its net worth as turned positive for the year ended 31.03.2010 and its revival is sustainable. It is there for discharged from the purview of SICA/BIFR.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

ii) The unimplemented provisions of SS-07 as may be there would be implemented by the Group Company/ Promoters and the concerned agencies and implementation would be monitored by the Board of Directors of the Group Company.

iii) The Group Company would complete necessary formalities with the concerned Registrar of Company as may be required.

(g) The Group Company had accordingly not made any provision of MAT/Income tax in earlier years on the basis of scheme of rehabilitation sanctioned by the BIFR in their order dated 16.09.2010, the 'Board has stated that the implemented provisions of SS-07 would be implemented by the Group Company/Promoters and concerned agencies. Against this order DGIT has filed an appeal before AAIFR challenging the validity of the order. The Company is confident that the direction of BIFR will be upheld and no liability towards MAT/Income Tax will arise. In case any liability arises, the same will be accounted for as and when arises/ determined.

B. Commitments ₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
a) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	1,502.41	335.67	3,199.49
b) Letters of credit opened for which the material has not yet been shipped	138.47	677.56	453.72

40. RELATED PARTY DISCLOSURE:

Related party disclosure as required by IND-AS 24 "Related Party Disclosure" are given below:

i) Key management personnel

1.	Shri Anil Kumar Jain	Executive Chairman
2.	Shri Mohit Jain	Managing Director (w.e.f. 09.05.2016)
3.	Shri R. N. Gupta	Joint Managing Director (upto 09.05.2016)
4.	Shri K. R. Lalpuria	Executive Director
5.	Shri Kamal Mitra	Director (Works)
6.	Shri P. N. Shah	Independent Director
7.	Shri R. Anand	Independent Director
8.	Shri Dilip Thakkar	Independent Director
9.	Shri Prem Malik	Independent Director
10.	Shri Sushil Kumar Jiwarajka	Independent Director
11.	Dr. (Mrs.) Vaijayanti Pandit	Independent Director

ii) Relatives of key management personnel

1. Smt. G. D. Jain
2. Smt. Shikha Jain

iii) Parties where control exists

A. Associates

1. Unic Consultants
2. A. K. Jain HUF

B. Others

1. Indo Count Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

₹ in lakhs

Particulars	Associates	Relatives of Key Management Personnel	Key Management Personnel	Others	Total
Remuneration paid	-	35.28	1,889.48	-	1,924.76
	(-)	(28.42)	(1,719.71)	(-)	(1,748.13)
Commission paid	-	-	6.00	-	6.00
	(385.20)	(-)	(6.00)	(-)	(391.20)
Sitting Fees	-	-	6.90	-	6.90
	(-)	(-)	(5.22)	(-)	(5.22)
Rent Received	-	-	-	-	-
	(1.80)	(-)	(-)	(-)	(1.80)
Lease Rent Paid	70.16	-	-	-	70.16
	(68.70)	(-)	(-)	(-)	(68.70)
CSR Expenses	-	-	-	248.75	248.75
	(-)	(-)	(-)	(109.19)	(109.19)
Balance outstanding at the end of year					
Other Payables					
- Remuneration payable	-	-	974.41	-	974.41
	(-)	(-)	(1,360.99)	(-)	(1,360.99)
- Commission Payable	53.38	-	6.00	-	59.38
	(-)	(-)	(6.00)	(-)	(6.00)

a) Previous year figures are given in brackets

b) Related parties enlisted above are those having transactions with the Group.

41. It is management's opinion that since the Group is exclusively engaged in the activity of manufacture of textile products which are governed by the same set of risks and returns. The same are considered to constitute a single reportable segment in the context of Indian Accounting Standard (Ind AS) 108 on "Operating Segments" issued by the Institute of Chartered Accountants of India.

42. Expenditure on Corporate Social Responsibilities (CSR)

The particulars of expenditure are as follows:

a) Gross amount required to be spent by the Group during the year is ₹ 463.05 lakhs (previous year ₹ 237.11 lakhs).

b) Amount incurred during the year on:

Particulars	₹ in lakhs
i) Construction / acquisition of asset	-
ii) On purpose other than (i) above	248.75

Out of the above, the Group has paid ₹ 248.75 lakhs (previous year ₹ 109.19 lakhs) to Indo Count Foundation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

43. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 33 EARNINGS PER SHARE

Particulars	UOM	For the year 01.04.2016 to 31.03.2017	For the year 01.04.2015 to 31.03.2016
Face value of equity shares	₹	2.00	2.00
Weighted average number of equity shares outstanding	Nos.	197,399,670	197,399,670
Profit for the year (continuing operations)	₹ In lakhs	23,205.15	25,130.79
Weighted average earnings per share (basic and diluted)	₹	11.76	12.73

44. DETAILS OF SPECIFIED BANK NOTES (SBN'S) HELD AND TRANSACTED DURING 08.11.2016 TO 30.12.2016

₹ in lakhs

Particulars	SBN'S	Other Notes	Total
Total closing cash in hand as on 08.11.2016	27.72	8.90	36.62
Permitted Receipts	-	1.60	1.60
Permitted Payments	(8.61)	(4.04)	(12.65)
Net Cash Withdrawn from Banks (including new currency)	-	11.65	11.65
Amount deposited in Banks	(19.11)	(0.02)	(19.13)
Closing cash in hand as on 30.12.2016	-	18.08	18.08

45. DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 19 EMPLOYEE BENEFITS

Defined contribution plans

Amount of ₹ 735.27 lakhs (previous year ₹ 602.21 lakhs) is recognised as an expense and included in Employee benefits expense as under the following defined contribution plans (Refer Note 35, supra):

₹ in lakhs

Particulars	2016-17	2015-16
Benefits (Contribution to):		
Provident Fund	664.59	597.24
Employee State Insurance Scheme	67.68	1.93
Labour Welfare Scheme	2.99	3.03
TOTAL	**735.27**	**602.21**

Defined benefit plans

Gratuity

The Group provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service. Vesting occurs upon completion of five continuous years of service in accordance with Indian law.

The Group makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

Leave Encashment benefit

The Group provides for leave encashment, a defined benefit retirement plan covering eligible employees. The Leave Encashment Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 12 days salary for each completed year of service, subject to maximum of 90 days till retirement.

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FOR THE YEAR ENDED 31ST MARCH, 2017

The Group makes annual contributions to the Life Insurance Corporation of India, which is funded defined benefit plan for qualifying employees.

₹ in lakhs

Particulars	Gratuity		Leave Encashment	
	2016-17 (funded)	2015-16 (funded)	2016-17 (funded)	2015-16 (funded)
Change in present value of defined benefit obligation during the year				
Present Value of defined benefit obligation at the beginning of the year	1,134.30	1,109.12	237.20	267.68
Interest cost	79.85	88.38	16.70	21.32
Current service cost	165.21	120.93	121.11	64.54
Past service cost	-	-	-	-
Liability transfer within Group	-	-	-	-
Liability transferred out/ divestment	-	-	-	-
Benefits paid directly by employer	-	-	-	-
Benefits paid	(24.10)	(49.99)	(26.71)	(16.78)
Actuarial changes arising from changes in demographic assumptions	-	-	-	-
Actuarial changes arising from changes in financial assumptions	250.01	(201.11)	48.77	(130.32)
Actuarial changes arising from changes in experience adjustments	(79.65)	66.96	21.31	30.76
Present Value of defined benefit obligation at the end of the year	**1,525.62**	**1,134.30**	**418.38**	**237.20**
Change in fair value of plan assets during the year				
Fair value of plan assets at the beginning of the year	988.83	796.64	382.16	190.40
Interest Income	88.16	70.22	32.94	28.65
Contributions paid by the employer	78.97	171.96	24.03	179.89
Benefits paid from the fund	(24.10)	(49.99)	(26.71)	(16.78)
Assets transferred out/ divestments	-	-	-	-
Return on plan assets excluding interest income	-	-	-	-
Fair value of plan assets at the end of the year	**1,131.86**	**988.83**	**412.41**	**382.16**
Net asset/ (liability) recognised in the balance sheet				
Present Value of defined benefit obligation at the end of the year	1,525.62	1,134.30	367.89	192.38
Fair value of plan assets at the end of the year	1,131.86	988.83	412.41	382.16
Amount recognised in the balance sheet	264.64	(145.46)	1.31	144.96
Net (liability)/ asset- current	-	-	-	-
Net (liability)/ asset- non-current	**(393.76)**	**(145.46)**	**-**	**-**
Expenses recognised in the statement of profit and loss for the year				
Current service cost	165.21	120.93	121.11	64.54
Interest cost on benefit obligation (Net)	8.31	19.93	(10.11)	(0.39)
Total expenses included in employee benefits expense	**173.52**	**140.86**	**-**	**-**
Actuarial changes arising from changes in demographic assumptions	-	-	-	-
Actuarial changes arising from changes in financial assumptions	-	-	48.77	(130.32)
Actuarial changes arising from changes in experience adjustments	-	-	21.31	30.76
Return on plan assets excluding interest income	-	-	(6.13)	(6.78)
Total expenses included in employee benefits expense	**-**	**-**	**174.95**	**(41.19)**
Recognised in other comprehensive income for the year				
Actuarial changes arising from changes in demographic assumptions	-	-	-	-
Actuarial changes arising from changes in financial assumptions	250.01	(201.11)	-	-
Actuarial changes arising from changes in experience adjustments	(79.65)	66.96	-	-
Return on plan assets excluding interest income	(16.61)	(1.77)	-	-
Recognised in other comprehensive income	153.75	(134.92)	-	-

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Particulars	Gratuity		Leave Encashment	
	2016-17 (funded)	2015-16 (funded)	2016-17 (funded)	2015-16 (funded)
Maturity profile of defined benefit obligation				
Within the next 12 months (next annual reporting period}	154.34	135.26	101.75	81.36
Between 2 and 5 years	317.49	303.83	68.19	62.79
Between 6 and 10 years	309.72	277.59	55.68	55.09
Quantitative sensitivity analysis for significant assumption is as below:				
Increase/ (decrease) on present value of defined benefits obligation at the end of the year				
(i) One percentage point increase in discount rate	(144.08)	(100.89)	365.45	(12.39)
(ii) One percentage point decrease in discount rate	169.02	105.51	425.80	18.58
(i) One percentage point increase in rate of salary Increase	170.46	109.38	426.10	19.47
(ii) One percentage point decrease in rate of salary Increase	(147.55)	(105.53)	365.97	(13.33)
(i) One percentage point increase in employee turnover rate	23.66	336.25	398.11	12.51
(ii) One percentage point decrease in employee turnover rate	(26.53)	(51.65)	387.52	(9.85)
Sensitivity Analysis Method Sensitivity analysis is determined based on the expected movement in liability if the assumptions were not proved to be true on different count.				
The major categories of plan assets as a percentage of total				
Insurer managed funds	100%	100%	100%	100%

Actuarial assumptions

Particulars	Gratuity		Leave Encashment	
	2016-17	2015-16	2016-17	2015-16
	(Funded)	(Funded)	NA	NA
Actuarial assumption				
Discount Rate (p.a.)	7.04%	7.70%	7.04%	7.70%
Salary escalation (p.a.)	7.00%	7.00%	7.00%	7.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)	NA	NA
Mortality post retirement rate	Indian Assured Lives Mortality (2006-08)	NA	NA	NA
Employee Turnover Rate (p.a.)	5.00%	4.00%	5.00%	4.00%
Future Benefit Cost Inflation	NA	NA	NA	NA

Expected contribution to the defined benefit plan for the next annual reporting period

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2017. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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46. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

a) Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.

b) Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected lossess of these receivables.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

₹ in lakhs

Particulars	Carrying amount	Fair value		
	As at 01.04.2015	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	16,030.75	-	-	-
Loans and other receivables (non-current)	98.23	-	-	89.30
Loans and other receivables (current)	629.67	-	-	629.67
Cash and bank balances	3,974.74	-	-	-
Bank deposit	1,097.01	-	-	-
Total	**21,830.40**	**-**	**-**	**718.97**
Financial assets at fair value through profit or loss:				
Derivative instruments	1,664.09	-	1,664.09	-
Investments	0.16	-	0.16	-
Total	**1,664.25**	**-**	**1,664.25**	**-**
Financial liabilities at amortised cost:				
Non current borrowings	6,889.38	-	-	250.00
Current borrowings	31,538.22	-	-	-
Finance lease obligations	76.08	-	-	76.08
Trade and other payables	18,884.21	-	-	-
Other financial liabilities (current)	13,182.74	-	-	2,870.15
Total	**70,570.63**	**-**	**-**	**3,196.23**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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₹ in lakhs

Particulars	Carrying amount	Fair value		
	As at 31.03.2016	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	24,307.57	-	-	-
Loans and other receivables (non-current)	208.03	-	-	195.77
Loans and other receivables (current)	1,087.75	-	-	1,087.75
Cash and bank balances	1,885.49	-	-	-
Bank deposit	1,054.89	-	-	-
Total	**28,543.73**	**-**	**-**	**1,283.52**
Financial assets at fair value through profit or loss:				
Derivative instruments	864.02	-	864.02	-
Investments	0.19	-	0.19	-
Total	**864.21**	**-**	**864.21**	**-**
Financial liabilities at amortised cost:				
Non current borrowings	5,747.06	-	-	-
Current borrowings	33,616.97	-	-	-
Trade and other payables	13,013.87	-	-	-
Other financial liabilities (current)	9,606.23	-	-	1,858.95
Total	**61,984.13**	**-**	**-**	**1,858.95**

₹ in lakhs

Particulars	Carrying amount	Fair value		
	As at 31.03.2017	Level 1	Level 2	Level 3
Financial assets at amortised cost:				
Trade receivables	31,122.87	-	-	-
Loans and other receivables (non-current)	190.88	-	-	190.87
Loans and other receivables (current)	527.76	-	-	527.76
Cash and bank balances	891.35	-	-	-
Bank deposit	967.86	-	-	-
Total	**33,700.72**	-	-	**718.63**
Financial assets at fair value through profit or loss:				
Derivative instruments	5,726.52	-	5,726.52	-
Investments	0.36	0.17	0.19	-
Total	**5,726.88**	**0.17**	**5,726.71**	-
Financial liabilities at amortised cost:				
Non current borrowings	2,138.64	-	-	-
Current borrowings	28,213.58	-	-	-
Trade and other payables	13,427.46	-	-	-
Other financial liabilities (current)	7,694.25	-	-	1,027.21
Total	**51,473.93**	**-**	**-**	**1,027.21**

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During the reporting period ending 31st March, 2017 and 31st March, 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

Description of significant unobservable inputs to valuation:

The following table shows the valuation techniques and inputs used for financial instruments

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Non-current security deposits	Discounted Cash Flow method using current interest rate		
Derivative instruments	Based on quotes from Banks and Financial Institutions		
Other financial liabilities (non-current)	Discounted Cash Flow method using risk adjusted discount rate		

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's financial risk management policy is set by the Managing Board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

The Group manages market risk through a treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures, borrowing strategies, and ensuring compliance with market risk limits and policies.

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. In order to optimize the Group's position with regards to interest income and interest expense and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The Group is not exposed to significant interest rate risk as at the respective reporting dates.

Foreign currency risk

The Group operates internationally and portion of the business is transacted in serveral currencies and consequently the Group is exposed to foreign exchange risk through its sales and services 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.

The Group evaluates exchange rate exposure arising from foreign currency transactions and the Group follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Foreign Currency in lakhs				
	USD	EUR	GBP	CHF	Total
Foreign currency exposure as at 31st March, 2016					
Trade receivables	391.23	-	1.10	-	392.33
Non-Current borrowings	-	-	-	44.04	44.04
Bank balances	1.87	-	-	-	1.87
Trade payables	25.82	-	-	-	25.82
Foreign currency exposure as at 31st March, 2017					
Trade receivables	490.95	5.16	2.23	-	498.34
Non-Current borrowings	-	-	-	34.44	34.44
Bank balances	8.91	-	-	-	8.91
Trade payables	9.88	0.25	0.66	-	10.79

Forward Contracts

Foreign currency exposures taken by the Group against export trade receivables are as under :

Particulars	Number of Contracts	Foreign Currency in lakhs (USD)	₹ In lakhs	Buy / Sell
As at 31.03.2017	494	1,279.95	90,324.76	Sell
As at 31.03.2016	402	1,265.79	87,971.13	Sell

Foreign Currency Sensitivity

5 % increase or decrease in foreign exchange rates will have the following impact on profit before tax:

₹ in lakhs

Particulars	2016-17		2015-16	
	5% Increase	5% decrease	5% Increase	5% decrease
USD	1,652.84	(1,652.84)	1,387.78	(1,387.78)
EUR	18.75	(18.75)	-	-
GBP	11.71	(11.71)	5.25	(5.25)
CHF	111.63	(111.63)	151.91	(151.91)
Increase/(decrease) in profit or loss	**1,794.92**	**(1,794.92)**	**1,544.93**	**(1,544.93)**

Credit risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. Individual risk limits are set accordingly.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- Actual or expected significant adverse changes in business,
- Actual or expected significant changes in the operating results of the counterparty,
- Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,
- Significant increase in credit risk on other financial instruments of the same counterparty,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, there are recognised in profit or loss.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industrial practices and business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends. Based on historical data, loss on collection of receivables is not material hence no additional provision considered.

Exposure to credit risk ₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Financial assets for which loss allowance is measured using 12 months Expected Credit losses (ECL)		
Investments in debentures or bonds	0.17	-
Investments in unqoted shares	0.18	0.18
Non-Current loans and advances	190.88	208.03
Cash and bank balances	891.35	1,885.49
Bank deposit	967.86	1,054.89
Current loans and advances	527.76	1,087.75

Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Trade receivables	31,122.87	24,307.57

Balance with banks is subject to low credit risks due to good credit ratings assigned to these banks.

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due.

Particulars	₹ in lakhs
As at 31.03.2017	
Not Due	25,741.57
Up to 3 months	5,107.14
3 to 6 months	71.20
More than 6 months	202.96
Total	**31,122.87**
As at 31.03.2016	
Not Due	20,730.13
Up to 3 months	3,261.09
3 to 6 months	13.32
More than 6 months	303.03
Total	**24,307.57**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

During the year the Group has recognised loss allowance of ₹ Nil under 12 months expected credit loss model. No significant changes in estimation techniques or assumptions were made during the reporting period.

Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a resonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

₹ in lakhs

Particulars	Less than 1 year	1 to 5 years	Total
As at 31.03.2017			
Non current borrowings	-	2,138.64	2,138.64
Current borrowings	28,213.58	-	28,213.58
Trade payables	13,427.46	-	13,427.46
Other financial liabilities	7,694.25	-	7,694.25
As at 31.03.2016			
Non current borrowings	-	5,747.06	5,747.06
Current borrowings	33,616.97	-	33,616.97
Trade payables	13,013.87	-	13,013.87
Other financial liabilities	9,606.23	-	9,606.23

Capital management

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's Capital Management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

The Group monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Total debt	31,086.08	40,921.04
Equity	84,622.78	63,040.49
Capital and net debt	**115,708.86**	**103,961.53**
Gearing ratio	**26.87%**	**39.36%**

48. FIRST TIME ADOPTION OF IND AS

These financial statements, for the year ended 31st March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2016, the Group prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on or after 31st March 2017, together with the comparative period data as at and for the year ended 31st March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1st April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2015 and the financial statements as at and for the year ended 31st March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.The Group has applied the following exemptions:

a) Leasehold land and buildings, and plant, were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of valuations performed in earlier years. The Group has elected to regard those values as deemed cost at the date of transition since they were broadly comparable to fair value.

b) Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has done the assessment of lease contracts based on conditions prevailing as at the date of transition.

c) The Group has elected to apply previous GAAP carrying amount of its investment in subsidiaries as deemed cost as on the date of transition to Ind AS.

Exceptions

The following mandatory exceptions have been applied in accordance with IND AS 101 in preparing the financial statements.

a) Estimates

The estimates at 1st April, 2015 and 31st March, 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences if any, in accounting policies)apart from the following items where application of Indian GAAP did not require estimation:

Impairment of financial assets based on expected credit loss model:

The estimates used by the Group to present these amounts in accordance with IND AS reflect conditions as at the transition date and as of 31st March, 2016.

b) Derecognition of financial assets and financial liabilities

The Group has elected to apply the derecognition requirements for financial assets financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to IND AS.

c) Classification and measurement of financial assets

The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to IND AS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Reconciliation of equity as at 1st April 2015 (date of transition to Ind AS)

₹ in lakhs

ASSETS	Foot notes	Indian GAAP	Adjustments	Ind AS
Non-current assets				
Property, Plant and Equipment	i	38,624.40	-	38,624.40
Capital work-in-progress		1,457.28	-	1,457.28
Other Intangible Assets	n	216.39	(57.11)	159.28
Financial Assets				
- Investments		0.16	-	0.16
- Loans	m	89.30	-	89.30
- Others		8.93	-	8.93
Other Non-Current Assets		1,040.42	-	1,040.42
Current Assets				
Inventories		38,303.17	-	38,303.17
Financial Assets				
- Trade receivables	h	12,701.82	3,328.93	16,030.75
- Cash and cash equivalents		3,974.74	-	3,974.74
- Bank balances other than above		1,097.01	-	1,097.01
- Loans		33.99	-	33.99
- Others	a	595.67	1,664.09	2,259.76
Current Tax Assets (Net)		6,436.95	-	6,436.95
Other Current Assets		12,657.09	-	12,657.09
TOTAL ASSETS		**117,237.29**	**4,935.92**	**122,173.21**
EQUITY AND LIABILITIES				
EQUITY				
Share Capital	d	4,197.99	(250.00)	3,947.99
Other Equity	a,e,i,n,o	38,189.53	(2,891.37)	35,298.16
Non Controlling Interest	o	566.43	273.62	840.05
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
- Borrowings	d	6,715.47	250.00	6,965.47
Provisions		222.95	-	222.95
Deferred Tax Liabilities (Net)	e	3,704.58	4,224.74	7,929.32
Current Liabilities				
Financial liabilities				
- Borrowings	h	28,209.29	3,328.93	31,538.22
- Trade Payables		18,884.21	-	18,884.21
- Other Financial Liabilities	d	13,170.71	12.04	13,182.75
Other Current Liabilities		3,244.64	-	3,244.64
Provisions	d	14.28	(10.00)	4.28
Current Tax Liabilities (Net)	d	117.21	(2.04)	115.17
TOTAL EQUITY AND LIABILITIES		**117,237.29**	**4,935.92**	**122,173.21**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Reconciliation of equity as at 31st March 2016

₹ in lakhs

ASSETS	Foot notes	Indian GAAP	Adjustments	Ind AS
Non-current assets				
Property, Plant and Equipment	i	48,201.96	-	48,201.96
Capital work-in-progress		1,064.59	-	1,064.59
Other Intangible Assets	n	210.38	(57.11)	153.27
Financial Assets				
- Investments		0.19	-	0.19
- Loans	m	197.79	(2.02)	195.77
- Others		12.27	-	12.27
Other Non-Current Assets		930.86	-	930.86
Current Assets				
Inventories		45,639.89	-	45,639.89
Financial Assets				
- Trade receivables	h	20,576.53	3,731.04	24,307.57
- Cash and cash equivalents		1,885.49	-	1,885.49
- Bank balances other than (iii) above		1,054.89	-	1,054.89
- Loans		43.97	-	43.97
- Others	a	1,043.75	864.02	1,907.77
Current Tax Assets (Net)		2,987.87	-	2,987.87
Other Current Assets	c	10,763.54	24.78	10,788.32
TOTAL ASSETS		**134,613.97**	**4,560.71**	**139,174.68**
EQUITY AND LIABILITIES				
EQUITY				
Share Capital		3,947.99	-	3,947.99
Other Equity	a,b,c,e,i,j,m,n,o	61,616.22	(2,523.72)	59,092.50
Non Controlling Interest	o	568.24	262.84	831.08
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
- Borrowings		5,747.06	-	5,747.06
Provisions		142.23	-	142.23
Deferred Tax Liabilities (Net)	e	5,109.82	3,565.72	8,675.54
Current Liabilities				
Financial Liabilities				
- Borrowings	h	29,885.93	3,731.04	33,616.97
- Trade Payables		13,013.87	-	13,013.87
- Other Financial Liabilities		9,606.23	-	9,606.23
Other Current Liabilities		4,104.59	-	4,104.59
Provisions	j	401.95	(394.80)	7.15
Current Tax Liabilities (net)	j	469.84	(80.37)	389.47
TOTAL EQUITY AND LIABILITIES		**134,613.97**	**4,560.71**	**139,174.68**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Reconciliation of profit or loss for the year ended 31 March 2016

₹ in lakhs

Particulars	Foot notes	Indian GAAP	Adjustments	Ind AS
CONTINUING OPERATIONS				
Revenue from operations	k,l	217,372.05	(11,102.45)	206,269.60
Other income	l,m	3,908.38	881.48	4,789.86
Total revenue		**221,280.43**	**(10,220.97)**	**211,059.46**
Expenses				
Cost of materials consumed		109,247.93	-	109,247.93
Changes in inventories of finished goods, work in progress and stock-in-trade		(4,698.71)	-	(4,698.71)
Emloyee benefit expense	b	10,471.36	114.85	10,586.21
Finance cost	c,d	5,490.73	17.36	5,508.09
Depreciation and amortisation expense	i	1,884.75	1,128.93	3,013.68
Other Expense	a,k	58,905.50	(9,433.11)	49,472.39
Total Expenses		**181,301.56**	**(8,171.97)**	**173,129.59**
Profit/ (loss) before exceptional items and tax		**39,978.87**	**(2,049.00)**	**37,929.87**
Exceptional items		-	-	-
Profit/ (loss) before tax		**39,978.87**	**(2,049.00)**	**37,929.87**
Tax expense				
a) Current tax		11,893.07	-	11,893.07
b) Previous year tax		318.72	-	318.72
c) Deferred tax	e	1,405.24	(706.10)	699.14
d) MAT credit entitlement for current year		(3.54)	-	(3.54)
e) MAT credit entitlement for earlier years		(108.31)	-	(108.31)
Profit/ (loss) for the year		**26,473.69**	**(1,342.90)**	**25,130.79**
Other comprehensive income				
A. Items that will not be reclassified to profit or loss				
(i) Remeasurement of the net defined benefit liability / asset	b	-	135.92	135.92
(ii) Income tax relating to items that will not be reclassified to profit or loss	b,e	-	(47.08)	(47.08)
B. Items that will be reclassified to profit or loss				
(i) Exchange difference on translation of foreign operations		(1,091.65)	2.67	(1,088.98)
Total comprehensive income for the year (XIII+XIV)		**25,382.04**	**(1,251.39)**	**24,130.65**
Profit attributable to:				
Owners of the Group		**26,471.89**	**(1,332.57)**	**25,139.32**
Non-controlling interests	o	**1.80**	**(10.33)**	**(8.53)**
Total comprehensive income attributable to:				
Owners of the Group		**25,380.23**	**(1,240.61)**	**24,139.62**
Non-controlling interests	o	**1.81**	**(10.78)**	**(8.97)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

Footnotes to the reconciliation of equity as at 1st April, 2015 and 31st March, 2016 and profit or loss for the year ended 31st March 2016

(a) Derivative instruments

The fair value of forward foreign exchange contracts is recognised under Ind AS, and was not recognised under Indian GAAP. The contracts, which were designated as hedging instruments under Indian GAAP, have been designated as at the date of transition to Ind AS as fair value hedging instrument of expected future sales for which the Group has firm commitments. The corresponding adjustment has been recognised as a separate component of current financial asset. On the date of transition, derivative asset was debited by ₹ 1,664.09 lakhs on 1st April 2015 and net movement of ₹ 800.07 lakhs during the year ended on 31st March 2016 was recognized in statement of profit & loss and subsequently taken to derivative asset.

b) Defined benefit obligation

Both under Indian GAAP and Ind AS, the Group recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements (comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.Thus the employee benefit cost is increased by ₹ 114.85 lakhs and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

c) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability recognised under prepaid expenses and charged to profit or loss using the straight–line method.

d) Non-convertible preference shares

The Group issued non-convertible redeemable preference shares. The preference shares carry fixed cumulative dividend which is non-discretionary. Under Indian GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit.

Under Ind AS, non-convertible preference shares are derecognised from equity and recognised as noncurrent borrowing based on the terms of the contract. Thus, the preference share capital is reduced by ₹ 250.00lakhs on 1st April 2015 with a corresponding increase in borrowing as liability component, and ₹ 12.04 lakhs of dividend and tax on dividend recognised under other current liabilities. ₹6.02 lakhs of preference dividend and DDT on it, paid during the year ended 31st March 2016, derecognised from statement of equity with corresponding increase in finance cost.

e) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to different temporary differences. According to the accounting policies, the Group has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. On the date of transition, the net impact on deferred tax liability is increased by ₹ 4,224.74 lakhs on 1st April, 2015 and decreased by of ₹ 659.02 lakhs on 31st March, 2016.

f) Other comprehensive income

Under Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind-AS. Further, Indian GAAP profit or loss is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2017

reconciled to total comprehensive income as per IND-AS.

g) Statement of cash flows

The transition from Indian GAAP to IND AS has not had a material impact on the statement of cash flows.

h) Bills discounted with recourse

Under Indian GAAP, trade receivables derecognised by way of bills of exchange which have been shown as contingent liability since there is recourse clause. Under Ind AS, the trade receivables have been restated with corresponding recognition of short term borrowings of ₹ 3,328.93 lakhs as on 1st April 2015 and ₹ 3,731.04 lakhs on 31st March 2016.

i) Revaluation surplus under Indian GAAP

The Group has elected cost model for its PP& E and thus, the revaluation surplus existing as on the transition date under Indian GAAP amounting to ₹ 10,614.98 lakhs has been derecognised in the retained earnings on the date of transition.

Accordingly, depreciation on revaluation part of ₹ 1,128.93 lakhs adjusted against revaluation surplus under Indian GAAP have been reversed under Ind AS and charged to statement of profit & loss during the year ended 31st March 2016.

j) Proposed Dividend

Under Indian GAAP, proposed dividend including dividend distribution tax (DDT) are recognised as liability in the period to which they relate, irrespective of when they are declared. Under Ind As proposed dividend is recognised as a liability in the period in which it is declared by the Group, usually when approved by shareholders in annual general meeting, or paid.

Therefore, the dividend liability (proposed dividend) including dividend distribution tax liability amounting to ₹ 475.17 lakhs has been derecognised in the retained earnings as on date of transition.

k) Cash Discount & claims paid

Under Indian GAAP, cash discount of ₹ 1,945.86 lakhs and claims paid of ₹ 302.19 lakhs were recognised as part of other expenses which has been adjusted against the revenue under Ind AS during the year ended 31st March, 2016.

l) Interest component in revenue

Under Indian GAAP, invoice amounts were considered as revenue, irrespective of different credit terms with different customers adjusted against revenue under Ind AS during the year ended 31st March, 2016.

m) Long Term Security Deposits

Under Indian GAAP the interest free security deposits, with fixed terms, were considered at cost basis. Under Ind-AS these financial assets have been adjusted to be carried at amortised cost, resulting in impact of the present value being treated as cost and the interest accrual recorded to restate the asset balance over its term.

n) Goodwill

Under Indian GAAP Goodwill was recognised at the time of acquisition of an Indian Subsidiary. Under Ind-AS same has been derecognised and adjusted against retained earnings.

o) Non Controlling Interest

Due to changes of Ind-AS share of non controlling interest has been increased by ₹ 273.62 lakhs on 01.04.2015 and decreased by ₹ 10.78 lakhs on 31.03.2016

As per our report of even date attached

For **B.K. Shroff & Co.,**
Chartered Accountants
Firm Regd. No.: 302166E

O. P. Shroff
Partner
Membership No.: 6329
Mumbai, May 15, 2017

For and on behalf of Board of Directors

Anil Kumar Jain
Executive Chairman
DIN 00086106

Mohit Jain
Managing Director
DIN 01473966

Dilip Kumar Ghorawat
Chief Financial Officer

Amruta Avasare
Company Secretary

Indo Count
COMPLETE COMFORT

Indo Count Industries Limited
CIN: L72200PN1988PLC068972
Corp. Office: 301, 3rd Floor, Arcadia,
Nariman Point, Mumbai – 400021, India
Tel : +91 22 43419500 / 501
Fax: +91 22 22823098
Email: icilinvestors@indocount.com
Website: www.indocount.com

concept, content and design at aicl [info@aicl.in]